

Karameh: Coast road open 'in a few days'

BEIRUT. — Prime minister Rashid Karameh yesterday announced that an often-delayed plan to reopen the coastal highway linking Beirut with South Lebanon would be set in motion "within a few days."

Karameh also told reporters that Lebanon still insists on a timetable for an unconditional Israeli evacuation, despite Israel's threat to discontinue troop-withdrawal negotiations if Lebanon fails to offer concessions by January 7.

Karameh made the statement after a meeting with President Amin Gemayel, who briefed the premier on the outcome of his two-day talks with Syrian President Hafez Assad that ended in Damascus on Friday.

Official Lebanese sources said the two leaders discussed the stalled plan to deploy troops between Beirut and Israel's Awali River front line, the deadlocked Nakoura negotiations and the economy.

Describing the meeting as "very positive," the sources said contacts would be made within hours to put the two leaders' agreements on the army deployment plan into action.

Meanwhile, a car bomb exploded

yesterday outside the city hall in the Druse town of Shu'eifat — south of Beirut. Druse spokesmen said five civilians died including a woman and her two daughters, and eight others were wounded in the fourth anti-Druse bombing in as many weeks.

Police said militiamen of the Druse Progressive Socialist Party sealed off all approaches to the blast scene as rescue operations were under way.

A total of 16 civilians were killed and 54 wounded in three previous anti-Druse car bombings in Beirut and in the central Lebanese mountain towns of Aley and Ras al-Matn since November 29, according to police and PSP statements.

The blast triggered fresh artillery battles between Druse and Christian militias in the hills overlooking the Lebanese capital. Christian and Druse radio stations reported.

Government troops and Druse militiamen also duelled anew with tank cannons and multiple rocket launchers around the strategic town of Souk al-Gharb on a mountain ridge east of Beirut, radios said. (Reuters, AP)

Gur rejects Labour calls for unilateral move in Lebanon

By DAVID LANDAU
Post Diplomatic Correspondent
Health Minister (and former chief of general staff) Mordechai Gur (Labour) declared open revolt yesterday against the evolving plan for unilateral withdrawal from Lebanon. Gur called for six to eight weeks of intensive (though indirect) negotiations with the Syrians to attain satisfactory security arrangements in Lebanon.

There are indications on the diplomatic front, meanwhile, that further attempts at negotiations will indeed be made, despite — or perhaps because of — Israel's January 7 ultimatum. Both the U.S. and the UN are expected to try — in coordination — to soften Lebanon's and Syria's opposition to a broadening of Uni-

fil's deployment. Defence Minister Rabin, in a weekend television interview, said that Israel's determination to end the talks if they remain deadlocked has apparently prompted last week's conference between Syria's President Hafez Assad and Lebanon's President Amin Gemayel.

Within the Labour Party, though, and in the left-wing parties which broke away from the Labour Alignment, there is growing pressure on Premier Rabin to implement Labour's election pledge to bring the army home.

Gur voiced his criticism at a *shabbat* meeting at the Jerusalem Theatre yesterday morning. He dismissed the South Lebanese Army as

(Continued on Page 2, Col. 2)

No IDF, SLA casualties in S. Lebanon weekend attacks

By MENAHEM HOROWITZ
Jerusalem Post Reporter
METULLA. — A number of attacks on Israeli Defence Forces and South Lebanese Army units over the weekend caused no casualties, military sources said.

A 107mm Katyusha rocket was fired at the IDF position near Kafr Mashki on the eastern front. Also on the eastern front, two large bombs were discovered and dismantled by the SLA, one near the village of Honeh and one near Kabricha. An SLA force came under light arms fire south of Nabatiya.

Military sources said that several villages in the Kharroub area north

of the Awali River have called for Unifil to be deployed there before the IDF moves away.

Over the weekend, the Amal Shi'ite militia arrested Sheikh Maadi Tzadok of Nabatiya, a supporter of Kamal Assad, the former speaker of the Lebanese parliament, who is from the south. This is thought to be the first time that Amal has arrested a religious leader.

AP adds from Beirut that unidentified gunmen shot and killed a pro-Israeli Civilian Guard militiaman and wounded another outside the Palestinian refugee camp of Ein Hilweh in the port city of Sidon, reporters in the area said.

Truck driver shot near Ramallah

RAMALLA (Itim). — A truck driver was wounded near the village of Aboud northwest of here on Friday afternoon by automatic fire apparently directed at a group of road workers.

Moshe Tal, 30, of Jerusalem was taken to the Hasharon Hospital in Petah-Tikva and operated on. His

condition was later described as satisfactory.

Tal was wounded in several parts of his body. The nearby road workers were unhurt.

The security forces clamped a curfew on Aboud and some of the surrounding villages, but later lifted it.



Indian Prime Minister Rajiv Gandhi waves to his supporters yesterday after his overwhelming election victory. (UPI telephoto)

Gandhi sweeps poll, vows to curb violence

NEW DELHI (AP). — Elated by the biggest election landslide in India's history, Prime Minister Rajiv Gandhi pledged yesterday to crack down on the sectarian violence that led to the assassination of his mother, Indira Gandhi.

With results announced in 495 of the 508 constituencies at stake in the three-day general election, Gandhi's India Congress Party had won 394 seats and was assured of easily more than the two-thirds majority in the Lok Sabha, the lower house of parliament, that it held under Mrs. Gandhi. Final official results are not expected before tomorrow, however.

Gandhi, at 40 India's youngest prime minister, was cheered by triumphant supporters and showered with marigold blossoms as he emerged from his residence soon after his unprecedented victory became certain. In Old Delhi, flag-waving men and women sang and danced in the streets.

At his news conference, Gandhi said his first priority is to restore communal harmony in this nation of 730 million, shaken by months of religious conflicts, mob violence and sectarian terrorism.

As an initial step, he promised to hold talks with India's Sikh minority to put an end to a continuing insurrection of Sikh separatists in Punjab, the only Sikh-dominated state in the union. "We want to solve the Punjab problem expeditiously," he said. The Punjab has been under army

occupation since troops stormed the Golden Temple in Amritsar, the Sikhs' holiest shrine, in June to crush Sikh terrorists who had turned the temple into an armed camp. More than 1,000 died in the attack. Indira Gandhi was murdered four months later by two Sikhs in her own security guard.

In a wave of revenge violence, Hindu mobs lynched more than 2,000 Sikhs. Gandhi pledged "full support" for his mother's policy of strict non-alignment, and said he would seek friendly relations with all of India's neighbours, including the traditional enemy, Pakistan, and the island nation of Sri Lanka, which is also disrupted by ethnic violence.

Sri Lanka President Junius Jayawardene in a message yesterday congratulated Gandhi for the "unambiguous mandate" he had received at the elections.

Relations between India and Sri Lanka have slumped to a new low in recent months with Colombo insisting that Tamil separatists, fighting for a minority Tamil state in north Sri Lanka, have operational and training bases in the south India state of Tamil Nadu. New Delhi has repeatedly rejected this charge.

Gandhi scored the most spectacular individual victory of the election in Amethi, his own constituency in Uttar Pradesh state, where he beat off an acrimonious challenge from his estranged Sikh sister-in-law, Menaka, with the highest majority announced in any district.

1 Jatt man killed, 17 injured in clan fight over right of way

JATT (Itim). — One man was stabbed to death and 17 were injured, four of them seriously, in a row that erupted here Friday night: between two clans claiming rights over a pathway in this Druse village, in Western Galilee.

Dozens of members of the Bissan and Bizar'ar clans used clubs, metal rods, knives and broken bottles in the clash that killed Salah Bissan, 32.

Police arrested 15 villagers, and mounted patrols there to maintain order. They expect to maintain a

presence at least until after the funeral, which is scheduled for today.

A delegation of Galilee village dignitaries headed by Shifaram Sheikh Salah Khmeifis arrived later and attempted to make peace between the two clans.

Galilee District Commander Meir Sadeh, who came to the village on Friday night, told Itim that he was surprised by Friday night's violence in Jatt, as it is one of the quietest villages in the Galilee.

Little action on cutting state budget

By AVI TEMKIN
Post Economic Reporter
Finance Minister Moda'i will have little progress to report to his cabinet colleagues today on cutting the state budget, according to Treasury sources.

The sources said yesterday that almost nothing had come out of the two rounds of slashes already approved which cut \$1 billion in September and another \$375m. at the end of November.

Almost none of the projected cuts have yet been carried out, the sources said. There have been no reductions in the public sector workforce, government purchases have not been reduced and ministries have continued operating at the pre-cuts level, they said.

There is increasing disappointment among some of the Treasury's senior officials with the handling of the budget, the sources claimed, adding that the constant, fruitless talks on the cuts have meant that very little work had been done on next year's budget. The first draft of the 1985/86 budget, which details the various ministries' needs, was finished only a few days ago. Traditionally, such a draft would have been completed by the end of the summer.

The Treasury is also busy trying to estimate how much it needs to ask the Knesset to approve an additional budget for the current year.

Although a final figure is still being worked on, it seems that it will total some \$600 million. The sources said that most of it's sums will go to finance wages, subsidies for basic commodities, fuel and electricity, and support for investment projects.

Rabin: Ministerial committee to decide on new settlement

KIRYAT ARBA (Itim). — Defence Minister Rabin yesterday told a group of settlers here that the Ministerial Committee on Settlement would have to decide the question of settlement at Tel Rumeida near here. He said he is not authorized to decide the matter on his own.

Pro-Syria PLO is suspected in Kawasme death

By DAVID RICHARDSON and DAVID BERNSTEIN
Jerusalem Post Reporters

Prime Minister Shimon Peres has been approached by leading West Bankers to allow the family of the murdered former mayor of Hebron, Fahd Kawasme to return his body here for burial.

Kawasme, 48, was shot dead outside his home in Amman yesterday afternoon by two unidentified gunmen. He had been deported from the West Bank over four years ago following a terrorist attack on Jewish settlers in Hebron.

As of last night, it was not clear who had killed Kawasme, but speculation centred on such Syrian-backed PLO radicals as Ahmed Jibril of the Popular Front for the Liberation of Palestine — General Command (PFLP-GC). Syrian-based Fatah rebels Sa'id Mussa (Abu Mussa), or even PLO renegade Sabri al-Banna (Abu Nidal).

In Paris the Palestinian terrorist group Black September claimed responsibility for the assassination.

An anonymous caller telephoned the French News Agency last night to claim responsibility.

PLO chairman Yasser Arafat is believed to be at the top of Syrian President Hafez Assad's hit-list. Many observers believe that Assad will now redouble his efforts to eliminate Arafat and his chief supporters following the setback the Syrian leader received with the convening of the Palestine National Council meeting in Amman last month, despite Syria's strenuous efforts to prevent the PLO debate with Jordan.

News of Kawasme's murder left West Bankers stunned and saddened last night. Thousands gathered outside the family's hotel at the entrance to Hebron to express their condolences to the family.

Bethlehem Mayor Elias Freij condemned the murder as "a black spot on our history" and "a great loss to our people."

Kawasme's successor as mayor, Mustapha Natshé, who was also de-

posed by the military government, said that the murder was "a sad and bitter blow." He called on the Palestinians to abandon "the way of murder and deal with their differences democratically."

MK Binyamin Ben-Eliezer, the former military commander of the West Bank, who had signed Kawasme's deportation order, was also very close to the former mayor.

"He was essentially a moderate man who rejected any violence," said Ben-Eliezer, who learned of the murder from *The Jerusalem Post*. "I



Fahd Kawasme (David Rubinger)

am deeply shocked and saddened. He was the man who had the potential to lead the West Bank and his people to the (Camp David) autonomy proposals."

But Ben-Eliezer said last night that even in retrospect he did not regret the decision to expel Kawasme "who drifted towards a path of extremism."

"I have always remained ambivalent about that decision. Not only because of the warm personal relations between us but because I knew that the West Bank was losing a leader with great potential."

The incumbent coordinator, Shmuel Goren, confirmed last night (Continued on Page 2, Col. 4)

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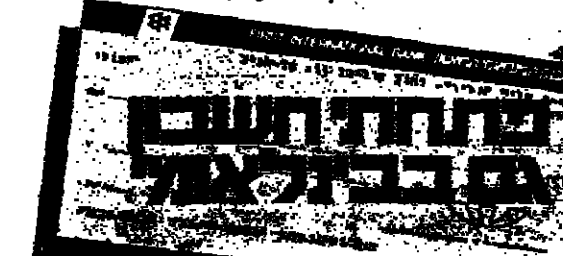
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It's staff work that counts

AT THE end of the day computers are only as good as the people who use them. This is as true of the banks as of any other sector and it is therefore justifiable to move from a consideration of what computers can do for the banks to what the banks can do with their computers.

This general question is best approached from two distinct viewpoints: the branch level, which has hitherto been the main point of contact between the customer and the bank, and the head office level, which has been where all the key decisions have been taken.

The main conclusion arising out of the ground covered in the preceding

articles is that the branch is undergoing a very significant redefinition of the role it can play in the overall system and the range of services it offers.

Taking these ideas to an extreme, one can say that the target of the banks is to take all the routine work out of the branch, as far as personnel are concerned. All the regular transactions of payments, deposits, account statements and the like, will be done by the customer for himself, at a time and place of his choice. If he wants, he will go to the branch and use the adjacent ATMs and computer terminals to obtain information

(Continued on Page 6)

Israeli banking at the crossroads
(VIII)
By PINHAS LANDAU



Israeli banking at the crossroads (VIII)
By PINHAS LANDAU

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COPENHAGEN	4-9	11-16
FRANKFURT	4-9	11-16
GENEVA	4-9	11-16
HAMBURG	4-9	11-16
HONG KONG	4-9	11-16
JERUSALEM	4-9	11-16
LONDON	4-9	11-16
MADRID	4-9	11-16
MONTREAL	4-9	11-16
NEW YORK	4-9	11-16
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PRAGUE	4-9	11-16
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THE WEATHER

Forecast: Partly cloudy to clear.
Outlook for Shabbat: Clear.

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	70	11-16	16
Golan	32	10-16	16
Nahariya	37	18-20	25
Safed	66	12-24	34
Haifa Port	37	12-24	34
Tiberias	40	12-18	20
Nazareth	56	11-21	22
Afula	62	11-17	18
Shomron	63	14-21	22
Tel Aviv	59	12-22	24
B-G Airport	51	11-26	26
Jericho	57	14-23	23
Gaza	48	9-22	24
Beerseba	39	13-25	26
Eilat			

SOCIAL & PERSONAL

Oscar Hammi, Minister for Liaison with the Parliament in the Italian Government, yesterday visited the Weizmann Institute of Science where he was received by Prof. David Trevis.

In Memoriam

The Jerusalem Journalists Association held a memorial meeting in Beit Agron last night to mark the 30th day after the death of *Ma'ariv* parliamentary correspondent Yosef Waksman.

DEPARTURES

Norma Nation, director of Bridges for Peace, to U.S.

MDA to health minister: 'Can't pay wages Sunday'

Jerusalem Post Reporter
Magen David Adom yesterday notified Health Minister Mordechai Gur that it would be unable to meet its payroll on Sunday.

The MDA spokesman said the government owes the organization IS230 million.

The Health Ministry spokesman said that IS30 m. which is owed to MDA for services to government hospitals will be transferred on Sunday. The balance involves Treasury decisions and Health Ministry Director-General Dan Michaeli is negotiating with the Treasury over the sum, he said.

Leumi staff in struggle against Union Bank

Post Finance Reporter
TEL AVIV. - The staff at Bank Leumi yesterday lent a hand to their colleagues at Union Bank in their dispute with Union's management.

Yesterday morning the Bank Leumi staff refused to provide key computer services to Union, which is a subsidiary of Leumi and uses Leumi's computer network.

Union's management, which claims to be completely independent, despite Union's links to Leumi, is filing charges against the head of the Union staff committee personally for damages resulting from an unauthorized strike about wages at Union earlier this month.

This is believed to be an unprecedented move in the history of labour relations in the banks.

PHOTOGRAPHS. - The pictures of Haim Kayman and Haya Zil, which appear on page M of today's Jerusalem Post Magazine, were taken by Andre Brunnman.

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HOME NEWS

Israel still hoping for Nakoura breakthrough

Jerusalem Post Staff
NAKOURA. - Israel and Lebanon blamed each other yesterday for the slow pace of talks aimed at ending Israel's 29-month occupation of South Lebanon. But Tat-Aluf Amos Gilboa, the chief Israeli negotiator, said he hoped an understanding could be reached next week on the deployment of Unifil (the UN Interim Force in Lebanon). The seventh negotiating session is scheduled for Monday.

Lebanon wants its army to patrol all of southern Lebanon, a plan Israel opposes because of the army's history of splintering into religious and political factions at times of crisis.

"I have repeatedly told them (the Lebanese) that the Unifil deployment and its role is a matter concerning us," Gilboa said, adding that he sees no contradiction between this and Lebanon's claims that Unifil deployment is an internal Lebanese affair.

"Later on, as a sovereign state, they can come to the UN and submit this agreement," Gilboa said.

Asked if successful deployment to the Awali River will be seen as proof that the Lebanese Army is capable of patrolling the south, Gilboa said: "For me, it still would not be an indication of the capability of the Lebanese Army."

After Israel withdraws, it wants UN soldiers concentrated in the northern half of the zone it now occupies. Lebanon has agreed only to UN troops guarding Palestinian refugee camps in Sidon and Tyre.

Lebanon wants its own Lebanese Army to be the primary force throughout the south following an Israeli pullout.

"We cannot accept the UN as a

substitute for the Lebanese Army," said Lt. Col. Bassam Saad, spokesman for the Lebanese delegation.

The Israeli delegation's spokesman Sgan-Aluf Yona Gazit issued a statement saying his delegation "welcomes" Lebanon's readiness to allow Unifil to deploy in Sidon and Tyre.

The Israeli delegation stressed that Unifil must be deployed deep inside Lebanon to prevent the establishment of terrorist bases, headquarters, arms dumps and training camps. The Israelis recalled that the IDF, when it invaded Lebanon in June 1982, found arms dumps in the Sidon area.

The delegation argued also that by the terms of the Lebanese plan, Beaufort Castle, Nabatiya and other "terrorist nests" would be outside the security zone. This is unacceptable, it was stressed.

The Lebanese said "military measures" would be taken north of the Litani, but did not say what they had in mind, the Israeli spokesman said. Gilboa hinted Israel might be forced to break off the talks eventually and make a unilateral withdrawal if no progress were made.

"It seems the Lebanese government is lagging behind while time is a very precious thing slowly running out," he said. "There is no threat of a breakup in the talks, but there is no movement yet either."

Lebanon warned Israel would have to alter its negotiating position or the talks would fold.

"The Israelis keep making more and more conditions for a withdrawal," said Lebanese Brig. Gen. Mohammed Hajj, speaking at a news conference outside the heavily guarded negotiating room.

University professor tells court: Sharon not very concerned with 'purity of arms' rule

"Ariel Sharon is not considered a person particularly faithful to the principle of the 'purity of arms,'" Prof. Dan Horowitz of the Hebrew University said yesterday. He was giving evidence in the Jerusalem District Court at the request of *Time* magazine in Sharon's libel suit against the weekly.

"He is considered one of the Israeli officer corps who take little interest in this principle," Horowitz said.

Horowitz was questioned by Robert Rifkind, who represents the magazine, "concerning the military operation in Kafr Katzia, 'near Ma'alot Hahamisha' in 1983. But a representative of the attorney general's office, Meir Goldman, objected to some of the questions on the ground that they concerned matters likely to affect national security.

Rifkind responded by asking how evidence concerning a military operation that took place 31 years ago could have such an effect.

The *Time* representative, Shmuel Bar-Zeev, asked that if Goldman

objected to specific questions, the fact be recorded in the protocol.

After a brief intermission in the proceedings during which the parties met in the judge's chambers, Judge Eli Cohen read his decision that the attorney-general decide by Sunday whether evidence on the operation might endanger national security. Horowitz would continue giving evidence at a later session, Judge Cohen said.

Horowitz told the court that Sharon's reputation as a military leader is a matter of dispute. But both his supporters and detractors will agree that he is a good tactician, full of initiative, but without moral restraints and undisciplined.

In reply to a written question from Judge Abraham Sofaer, who is hearing the libel suit in New York, Horowitz said he had not seen Appendix B of the Kahan Commission report concerning Sharon's meeting with members of the Jemayel family and his meeting with Phalange leaders before the Sabra and Shatilla massacres. (Tm)

Manhattan DA says Sharon is honest

NEW YORK. - Manhattan District Attorney Robert Morgenthau, testifying yesterday as a character witness in Ariel Sharon's libel suit against *Time* magazine, said Sharon had a reputation for honesty and integrity.

Morgenthau said *Time*'s article on Sharon's role in the Sabra and Shatilla massacre had damaged Sharon's reputation.

After Morgenthau's brief appearance on the witness stand, Sharon's attorney Milton Gould resumed his questioning of *Time*'s Jerusalem correspondent David Halevy.

Asked whether he believes today that Sharon encouraged a massacre, Halevy said: "I do not think Mr. Sharon encouraged. I think he neither encouraged nor instigated. I believe Sharon knew and turned his back."

A dispatch by Halevy formed the basis for a February 1983 cover story which Sharon says libelled him.

The rest of Halevy's testimony yesterday focused on the secret part of the Kahan Commission report known as Appendix B.

Halevy admitted he did not see the secret part of the report and his sources refused to provide him with much information. The information he did receive indicated to him the appendix was compiled from a list of names and codes.

HERUT THREAT

(Continued from Page One)

But Shas has already rejected this proposal and its leader Rabbi Yitzhak Peretz has prepared a letter of resignation, which he intends to present to the government today if his demand is not met.

Peres said yesterday that he doubted a solution to the problem would be found today. "The government cannot act according to ultimatums. We need a little more time," he said.

Labour Party sources yesterday pooh-poohed the idea of the Likud's withdrawing from the coalition over the controversy.



Foreign Minister Yitzhak Shamir confers in Jerusalem yesterday with three former U.S. officials - (left to right) former under secretary of state Lawrence Eagleburger, former secretary of defence James Schlesinger, and Sol Linowitz, formerly president Jimmy Carter's representative to the Palestinian autonomy talks.

'Jewish Chronicle': Egypt says Mideast talks now possible

LONDON (Reuter). - Egypt is ready to take part in new Middle East peace talks with Jordan, the U.S., Israel and representatives of the Palestinians, according to the *Jewish Chronicle*.

Foreign editor Joseph Finklestone writes that Egyptian Minister of State for Foreign Affairs Boutros Ghali told him Egypt was ready to resume talks on condition there would be both Jordanian and Palestinian participation.

Israel so far refuses to sit at the same table with the PLO, but Finklestone quoted Ghali as saying: "There are new scenarios, and one of them is that the Jordanians or certain Palestinians on the West Bank and in Gaza would receive a mandate from the PLO to participate in the talks."

Ghali said he hoped the Amman

meeting of the Palestine National Council, which yesterday reconvened Yasser Arafat as PLO chairman, would force the hand of the PLO which was "a very important element in the peace process," closer to negotiations.

In a separate interview with Mubarak's chief foreign affairs aide, Osama el-Baz, Finklestone quoted him as saying the PLO might be prepared to accept Arab self-determination for the West Bank and Gaza.

Such an entity would be linked constitutionally with Jordan by a federation and would be close to both Egypt and Saudi Arabia. It would not be hostile to Israel. The question of whether the entity would have armed forces should be discussed between the parties concerned, el-Baz said.

Recriminations fly in Britain after Arafat cancels visit

Jerusalem Post Correspondent
LONDON. - The cancellation of Yasser Arafat's projected visit here has brought recriminations between the author of a biography of the PLO leader and the book's publisher.

Arafat's visit, planned to coincide with publication of the biography, was cancelled Wednesday night.

Last weekend it was made clear that the publishers, Sidgwick and Jackson, had withdrawn their invitation for Arafat to make his first visit to Britain. Author Alan Hart then made an invitation of his own, but on Wednesday he said Arafat was not coming.

The British government had proposed that Arafat get a visa only if

through he did suggest that they had nothing to do with security.

It is understood that the government's conditions included requirements that Arafat would stay in one place only, that the venue would have to be "approved of" by the British authorities as being "secure" and that he would not make any inflammatory speeches or make contact with any leading government officials.

The author added that he believed Arafat was grossly offended by the publisher's withdrawal of the invitation. The publisher had "collapsed under political pressure," because certain parties did not want Arafat here, Hart said. When Sidgwick

Hussein going to Cairo

CAIRO (AP). - King Hussein will come to Egypt tomorrow for his first visit in eight years, it was officially announced yesterday in Amman.

First word of the visit came in an Egyptian presidential statement which set no date for it. But an official in Amman said the visit will start tomorrow.

The trip will bolster a diplomatic reconciliation Hussein initiated last September following a five-year break caused by Egypt's peace with Israel, Egyptian officials said.

Mubarak made a three-day visit to Jordan last month to thank Hussein for renewing ties with Egypt and to discuss possible future moves for renewing negotiations with Israel on a settlement of the Palestinian problem.

Egyptian officials said Hussein and Mubarak, in their Cairo talks, will pursue their quest for ways to push peace efforts. They will concentrate on the results of the Palestine National Council meeting in Amman, said the officials.

Hussein and the PLO have been urging an international conference to forge a settlement with the participation of the Soviet Union and the U.S. along with regional parties concerned including the PLO.

But in an interview with the Cairo state-owned newspaper *Al-Qahira* published yesterday, Jordanian Foreign Minister Taber Masri indicated a Jordanian change of heart was possible.

Masri reiterated his country's preference for an international conference, but said: "If Reagan wants to stick to his initiative, we have no objection, but he will have to prepare the ground once more for its acceptance and he will have to start with Israel."

Taxi drivers may strike on Tuesday

Jerusalem Post Reporter
The Israel Taxi Owners Association last night decided that unless the government approves a fare increase by Monday, its members would strike on Tuesday. The strike would continue until the rise is approved, the Association said.

The decision follows what the taxi drivers regard as foot-dragging by the government committee charged with deciding if they should be allowed to increase their fares during the price freeze.

The drivers are seeking an already-approved 25 per cent rise. It was to have gone into effect on November 1 to cover rises in operation costs during September but the Transport Ministry cancelled it.

300,000 scholarship fund

The Rothschild Fund has donated 300,000 to provide university scholarships for students who agree to each scientific subjects at high schools after graduation.

Herzog: Jewish youths don't know past

Jerusalem Post Reporter
TEL AVIV. - President Chaim Herzog yesterday urged an all-out effort to teach Israeli youth and Jewish youth in the Diaspora their common heritage. He noted that few Israeli youngsters understand the significance of November 29 (yesterday's date), the anniversary of the UN decision on a partition in Palestine, while in the Diaspora fewer and fewer Jewish youth appreciate their heritage.

The president was addressing a ceremony at Beth Hatefutsoth of the award of the museum's first five honorary fellowships. The fellows were given scrolls by Baron David de Rothschild, president of the museum's international council, which ended its annual meeting yesterday.

The fellowships were awarded to Deputy Premier and Education Minister Yitzhak Navon, historian Prof. Salo Baron, Nobel laureate Isaac Bashevis Singer, and Norman Gansky and Abraham Spiegel, both leaders of the U.S. Friends of the Museum. Singer's scroll was received by his son, Al Hamishar Deputy Editor Yisrael Zamir, as Singer is ill and could not attend.

Syrian Jewry said living in fear

Jerusalem Post Staff
The estimated 4,500 Jews of Syria are in good health physically, but many of them are living in fear, according to Tamar Golan, an Israeli journalist who accompanied French President Francois Mitterrand to Syria.

She said Mitterrand intended to discuss the plight of the Syrian Jewry with President Hafez Assad during the visit, but that the prevailing "heavy atmosphere" had prevented such discussion.

Mitterrand probably did mention the subject of Syrian Jewry, she told Israel Television last night, and that would have been enough to show Assad that the western world is concerned.

Golan, a *Ma'ariv* reporter based in Paris gained entry into Syria on a second passport.

Israel national cagers beat England, 85-77

By DON GOULD
Post Basketball Reporter

Israel's national basketball team, leading by 20 points with only four and a half minutes left to play, only managed an 85-77 victory over England last night at Yehuda sports stadium.

This was Israel's second straight win in World Cup preliminary rounds. About 6,000 fans witnessed the erratic play by the home side, as poor shooting and sloppy ball handling never allowed the winners to maintain any of the large leads they built up.

Varian Lou Silver, playing the full 40 minutes, led both teams at scoring with 24 points. Mickey Belkovich chipped in with 21 points. Martin Clarke led the visitors with 20.

'Faith-healer didn't help cancer patient'

The 14-year-old Jerusalem girl who was treated for bone cancer by a faith-healer in the Philippines recently is in no better condition now than before the treatment, the Hadassah Hospital in Ein Kerem reported yesterday.

The girl was admitted to the hospital on Wednesday for tests to see if the "bloodless surgery" carried out by faith-healer John Labou had produced any results. She returned from the treatment in the Philippines last week and her mother said her condition was much improved.

But the results of this week's tests were the same as those of similar tests about two months ago, the hospital said. (Tm)

On the third anniversary of the passing of our beloved
CELIA LAKS
we shall hold an *askara* on Tuesday, December 4, 1984 (Yud Kisle) at 3 p.m. at Har Hamenuhot, Jerusalem.
The Family

AMIT WOMEN
American Mizrahi Women
sympathy on the death of
DAVID KAMERMAN
beloved husband of Martha Kamenman,
Hon. National Vice President
Heartfelt condolences to the entire family
המנוח נפחם אתכם בתוך שאר אבל ציון וירושלים
The Family

Our beloved mother,
mother-in-law, grandmother and great-grandmother
CLARA ASSCHER-PINKHOF
(Czaczkas)
passed away on November 28, 1984 at the age of 88.
The funeral took place at the Kfar Samir cemetery, Haifa, on Thursday, November 29.
Shiva at the home of Meir Asscher, 42 Weizmann St., apt. 14, Rehovot.
The Family

On the thirtieth day (תשנ"ד) after the passing of
BETTY SCHWARTZ
בתה שוורץ
בן ר' אריה זיל
the unveiling of the monument will take place on Monday, December 3, 1984 (תשרי 17) at 2.15 p.m.
Family and friends will gather at the entrance to Har Hamenuhot Cemetery at 2.15 p.m.
Bus transportation from 22 Pinsker St., Jerusalem at 2.00 p.m.
The Family

The Askara for
FOGEL ADALBERT BENJAMIN
will take place on December 3, 1984 at 3 p.m. in Jerusalem, Har Hamenuhot.
The Family

We share the grief of our good friend,
RABBI YEHUDA ELLINSON
on the death of his wife
SARAH
המנוח יונתן נפחם אתכם בתוך שאר אבל ציון וירושלים
George B. Falk - Chairman, Israel Center
Israel Center Committee and Staff

Report to UK Jewish communal leaders:

'Spend more in Britain, send less to Israel'

By HYAM CORNEY
Jerusalem Post Reporter
LONDON. — The amount of money which British Jewry sends to Israel may be substantially reduced if the findings of a research report into how the community is funded and how it spends the £40 million raised annually are implemented.

The report, which has just been completed, was undertaken by a group closely involved with the community and "deeply concerned about its future." They believe that British Jewry's institutions face mounting difficulties and that many needs in education, social welfare and in other areas are met "inadequately or not at all."

Their report concludes: "While the centrality of Israel within the general community remains a foremost ideological and religious concept, it nevertheless seems abundantly clear that a serious reappraisal of the allocation of Anglo-Jewry's limited resources has become most urgent."

The authors of the report contacted every organization, large and small, in the Jewish community and

had replies from over 200. From those replies, they calculated that around £40 million a year is raised by the community, of which about £16m. goes to the Joint Israel Appeal, the main Israel fund-raising body, and a further £7.7m. to other Israeli causes.

The report says that 40 per cent of the funds are used for the community's own needs and 60 per cent for "helping Israel."

It adds: "In considering whether or not this is the correct balance, an attempt has been made to relate the funds available to the needs of the community."

Approximately £20m. is spent on social services, the aged and the disabled. But just over £13m. of this comes from government grants and subsidized rents and only £6.6m. is provided by the community itself.

"If there were to be any change in government policy, our old-age and social-services requirements could become dangerously under-funded," says the report.

Education is also "seriously under-funded," the report claims. More than £2m. a year is needed to

improve education. A further £6m. is probably required for at least two new schools, the report says.

As for fund-raising for Israel, the report notes that while the amount raised each year by the JIA is not normally revealed here, the JIA chairman said in a recent interview in Israel with *The Jerusalem Post* that £15m. was raised in the last campaign and that the target for the current campaign is over £18m.

The interview also noted that because of the devaluation of sterling against the dollar, last year's £15m. at the 2.4 dollar rate of exchange would have produced \$36m. whereas £20m. at the current dollar rate would produce only \$23.6m.

The report adds: "From this it is clear that the Anglo-Jewish community is withdrawing much-needed sterling funds to purchase 30 per cent less dollars on assisting social services in Israel, while the social services and educational needs (to name only two) of the United Kingdom continue to be manifestly under-funded."

The report is being sent to leaders of the community. Dr. Abraham

Marcus, one of its authors and one of the people who initiated it, told *The Jerusalem Post* that if JIA funds were allocated to Israel every second year, the British Jewish community would receive an extra £7.5m. each year.

The idea that more of the money raised by the community should be used for its own needs, and less sent to Israel is not new. There have been numerous suggestions over the years for a "community chest" into which all money raised would be put and then allocated according to needs.

As recently as October, Chief Rabbi Sir Immanuel Jakobovits, addressing a Board of Deputies of British Jews conference, commented: "In the face of the astronomical financial needs for keeping Israel economically and militarily viable, £1m. or £2m. more or less contributed by us will make precious little difference, but such amounts may make all the difference to the vitality or bankruptcy of Jewish life among the donors. This is now freely acknowledged by the responsible leadership of the Jewish Agency and others in Israel itself."



Policemen display several of the 19 marijuana plants found in an apartment in the Jerusalem neighbourhood of Mevorach on Friday. A tenant, 27, the son of a prominent lawyer, was arrested. (Scoop 50)

Police hold Tambour workers in \$1m. pilfering of paint

ACRE (Itim). — Members of a nationwide ring that stole paint worth over a million dollars from the Tambour plant here have been arrested after operating unintermittently for a year and a half, police said.

The company was unaware of the theft of over 500 tons of paint, police said until it was tipped off to the ring's operations three weeks ago. Some of the seven men arrested are company employees. The police, who investigated the matter for the past three weeks, say the ring was led by one of the company's marketing agents, and that more arrests are

forthcoming. The police claimed in court on Friday that the ring's drivers habitually took more paint from company warehouses than they recorded and delivered stolen paint to shopkeepers in the know at discount prices. Ring members then divided the profits, police said.

The men, whose remand in custody was extended on Friday, are Albert Yisraeli, 39, Bobi Malul, 42, Ezra Mazim, 27, and Sharon Haim, 40, of Acre, Shalom Yisrael, 26, of Ramle, Avraham Mendefrost, 35, of Tel Aviv, and Menahem Sufna, 51, of Kiryat Motzkin.

Terror suspects complain over lessons

TEL MOND (Itim). — The suspects in the Jewish terror underground on Friday complained that Police Minister Haim Bar-Lev had stopped them from giving Tora lessons to young prisoners here. The 27 suspects were visited by journalists on Friday for the first time in seven months.

Hagai Selal, 28, of Ofra in the West Bank, spoke for the prisoners. Segal, who was a journalist for the Gush Emunim organ *Nekuda*, is suspected of involvement in the 1980 car-bombing attacks against West Bank mayors.

Segal also complained that the security services had promised that in exchange for confessions they would be allowed extra visits with

their families. That promise has not been kept, he said, and they see their families just once a week.

Segal also said that the suspects receive numerous letters of support but only a few containing criticism. Prison warden Uri Boehm said that there has been no change in their status since Bar-Lev took office, though he confirmed they are no longer permitted to conduct classes.

The terror suspects are being held under conditions similar to those of other inmates at the prison, the visiting journalists reported. They spend most of their time in the *beit midrash* studying Tora and studying for correspondence courses with the Open University.

Ben-Meir may resign Tel Aviv post

By MICHAEL YUDELMAN
Jerusalem Post Reporter
Knesset Member Dov Ben-Meir is to resign as deputy mayor of Tel Aviv, Labour Party sources said yesterday.

The sources said Ben-Meir met Labour Party Secretary-General Uzi Baram last Thursday afternoon and told him that he had decided to give up his municipal office in adherence to the party's policy.

But Ben-Meir said yesterday that he had not yet decided whether to resign his Knesset seat or the deputy mayoralship.

Baram demanded two weeks ago that Ben-Meir give up one of the positions by the end of this month.

According to a Labour Party decision last year, a party member may not hold two elected public offices at the same time.

The only party member who has not yet complied with the decision is Ben-Meir, who was also recently chosen to be a Knesset deputy speaker.

During the past few weeks, when pressure was exerted on Ben-Meir to resign from one of the posts, he said that if he gave up his office as deputy mayor the Labour-Likud municipal coalition would fall apart.

Sources close to Ben-Meir in the municipal executive committee said yesterday that the Labour faction in the municipality met Friday afternoon and Ben-Meir told them nothing of a decision to resign from the post of deputy mayor.

If Ben-Meir resigns, he will still serve as head of the Labour faction in the municipality and as head of the traffic department.

'Package deal' for Jerusalem festival

Jerusalem Post Reporter
A "package deal" sale of coupons for the 1985 Israel Festival in Jerusalem is to be held from January 1 through January 25. The coupons can be exchanged for tickets to particular performances two weeks before general ticket sales begin.

A five-coupon package, which costs \$38,000 will be worth seven tickets to different performances. A three-coupon deal, at \$23,000 will be worth four tickets.

The festival, to be held from May 18 to June 6, will include guest performances by the Sadler's Wells New Opera from Britain, the Washington Opera, the Bach En-

semble of New York, the Borodin Trio, Musica Antiqua of Cologne, the Macnaima Theatre of Brazil, and the Royal Flemish Ballet with Valery and Galina Panov. Except for a few performances in the Caesarea amphitheatre, all events will be in Jerusalem.

Among the theatrical performances will be three versions of *The Dybbuk* — one by the Khan Theatre of Jerusalem, a musical version by the Baal Theatre of Amsterdam, and a version for two actors, in German, by the Schaubühne of Berlin.

Samuel Beckett will be another focus of attention.

Three thousand coupon packages are available during January from ticket agents, including Klaton and Kahana of Jerusalem, Hadran and Castel of Tel Aviv, Gerber of Haifa and Hasharon in Ramat Hasharon.

If government, Mekorot do not pay debts

Blackouts to begin tomorrow, Electric Corporation warns

By YITZHAK OKED
Jerusalem Post Reporter

TEL AVIV. — Staggered blackouts are expected throughout the country beginning tomorrow if the Finance Ministry and Mekorot do not pay their debts to the Israel Electric Corporation by today, the IEC announced last night.

The corporation spokesman said the country's three fuel companies will stop providing fuel to the electric company today because of a \$6 billion debt. Mekorot owes the IEC \$55b., and the Finance Ministry is behind \$12b. in subsidy payments.

The Electric Corporation only has enough fuel left to operate normally today. Beginning tomorrow, the spokesman said, only the coal-operated plant in Hadera will be producing electricity.

The resulting blackouts are expected to last one to two hours, depending on the weather and on how much electricity consumers use.

The spokesman said the Hadera station is also in danger of being closed, blacking the country out completely, because the IEC owes the national coal company \$58b.

Haifa job vacancies dropping

Jerusalem Post Reporter

HAIFA. — More than 6,500 people were registered as unemployed in the Haifa district last month, while the number of advertised job vacancies fell from 1,057 in September to 863. There were also 800 more unemployed last month than in September, the Haifa Labour council reported on Friday.

Council spokesman Moshe Gutter said the rise in the number of jobless seems to be continuing.

A delegation of Haifa businessmen, industrialists, local-authority heads and Labour Council officials, led by council secretary Moshe Werman, met Economics Minister Gad Ya'acobi on Thursday to urge that the district receive special treatment.

Ya'acobi promised to examine matters. He agreed with Werman's suggestion to introduce a shorter work week in factories experiencing financial difficulties.

Katsav for minimum wage — later

Jerusalem Post Reporter

Labour and Social Affairs Minister Moshe Katsav favours enactment of a minimum-wage law, but not this year because it might increase unemployment. "I have instructed my staff to begin drafting the law," he told a Kol Yisrael reporter yesterday.

The one opponent of such a law

among those interviewed was Uzi Nathaniel, chairman of the labour committee in the Manufacturers Association, who said all aspects of employer/employee relations should be settled through bargaining. "This was always the Histadrut's view, too," he said. "Perhaps they now consider it politically expedient to jump on the bandwagon of those who demand a minimum-wage law."

Court to hear petition on TV commercials

The High Court of Justice has decided to hear a petition by the Daily Newspaper Publishers Association against the appearance of commercials on television.

The association filed the petition on Thursday, and Justice Shlomo Levin ordered that it be heard by a

three-justice panel. The petitioners want the Education Minister and the Israel Broadcasting Authority to show cause why they should not stop broadcasting commercials. They claim that the Broadcasting Authority Law bars commercials. (Itim)

Koch: 'Many black leaders anti-Semitic'

By WALTER RUBY
Jerusalem Post Correspondent

NEW YORK. — Mayor Ed Koch charged yesterday that many of the black leaders he has met are anti-Semitic.

In a year-end interview with city-hall reporters, Koch remarked, "there is a lot of anti-Semitism among substantial numbers of black leaders, (but) not all." He added, "I am not talking about the average black. My gut does not convey that

to me."

Koch's latest statements follow recent accusations by the mayor that a black-Jewish coalition formed here this month by his political opponents is a "cabal" to defeat his re-election bid in 1985. Koch had singled out Wilbert Tatum, the editor of the black weekly newspaper *Amsterdam News* and Rabbi Balfour Brickner, a prominent Reform Rabbi and champion of liberal causes, as leaders of the black-Jewish "cabal."

Bonn: denying Holocaust to be crime

Jerusalem Post Correspondent

BONN. — West German Justice Minister Hans Engelhard has made a personal commitment to introduce a law which would provide for the punishment of those who deny that the Holocaust happened.

In an outline of planned legislation for 1985, Engelhard states: "the draft bill for the fight against neo-

Nazi agitation and propaganda, which is currently under discussion in the German Bundestag, is particularly close to my heart. The denial of National-Socialist murders, must not be tolerated any more. The responsibility towards our Jewish citizens and towards our history requires legislation. I shall act firmly to make sure that the bill is enacted in 1985."

TEL AVIV STOCK MARKET REVIEW

Ups, downs and modest gains in trading

By JOSEPH MORGENSTERN

TEL AVIV. — Last week's activity on the Tel Aviv Stock Exchange began on a positive note, downturned and ended the week with a spate of modest gains. Trading turnovers were low. On balance it was typical of a year which has seen little action.

Insiders appeared to be among the sellers aiming to lower the price of their holdings before the end of the calendar year. The mutual funds were on the buying side since they have no problems with taxation. The only concern of the funds is with statistics. Those that bring off the

best quarterly results will attract the most money and will be the most profitable. Since the vast majority of the mutual funds are owned directly or indirectly by the banks it is easy to understand the recent jockeying to obtain good yields.

The consensus is that January will be a good month for the share market. This view is based on past performance, a strong January usually followed by a downward market in February.

However, all concerned will agree that January 1985 must be viewed as considerably different from the past. Analysts are cautiously awaiting the state comptroller's report on the

collapse of the bank shares. If the public over-reacts to the findings it could cast a pall over the share market and prices could drop. But according to a more sanguine view there could be a smooth transition from the economic package deal scheduled to end in January to one of longer duration.

On the one hand the Treasury has made it clear that new taxes will be imposed, while on the other hand some \$250 million from matured bonds will find its way to the public. The opposing forces appear nearly balanced. Therefore one could expect a period of ups and downs without a clear trend.

WALL STREET WEEK

Toy producers performed best in 1984

NEW YORK (API). — Though the stock market averages have turned in a sluggish showing for 1984, the year produced plenty of big winners — and losers — among individual issues.

Assuming one confined investment activity to New York Stock Exchange issues, he could have tripled his money if he happened to own warrants of Martel Inc.

The warrants, which give their owners the right to buy Martel common shares for \$4, climbed 47% to 7 1/4 from the end of 1983 through late last week, to rank as the No. 1 percentage gainer for that period among big board issues.

Mattel's common shares occupied third place on the list, up 5% at

10 1/2, rebounding from a sharp drop in 1983 as the company rid itself of loss-plagued operations, got a new infusion of capital and did a strong business in its remaining "traditional" toy manufacturing operations.

Others may have had the bad fortune of owning Storage Technology shares, which fell 11 1/2% to 2 1/2 — a drop of more than 80 per cent. The company, caught up in fierce competition in the computer-equipment market, was forced to file for protection under the U.S. Bankruptcy Law.

Mattel was not the only profitable investment in the toy industry. Tonka Corp., makers of the hot "Gobots" line, jumped 19 to 41 1/2 and Hasbro Bradley, traded on the

American Stock Exchange, gained 29 to 56.

Toy producers, in fact, turned in the best showing for the year, through Wednesday's close, of 89 stock groups tracked by Standard and Poor's Corp., rising 48.9 per cent.

Dow Jones' average of 30 blue chips, with a 19 gain to 1,204.117 in the past week, shows a net loss of 54.57 points for 1984, with one session left in the year.

In other weekly readings, the NYSE's composite index rose .33 to 95.89, and the Amex market value index was up .87 at 202.79. Big Board volume averaged 62.35 million shares a day, down from 118.54 million the week before.

Technion may lack funds to complete year

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. — The Technion may be forced to reduce the number of students in the future and may even be unable to complete the academic year for lack of funds. Technion President Yosef Singer said on Friday.

He warned that this would be a "disaster" for the economy whose recovery depends on the expansion of high-tech industry. Such an industry could not be established or maintained without high quality technical manpower.

The Council for Higher Education announced last week that the universities owe suppliers more than \$2 billion and may not be able to meet January payrolls. The Treasury had given universities funds to last from September to January, but these are running out, and no supplementary funds have been promised so far.

Speaking at the Haifa Engineers Club, Singer said bluntly: "If we can't train the manpower there will be no high-tech industry."

SYMPOSIUM. — Anthropologist Claude Lévi-Strauss is to chair a symposium tomorrow on "Primitive Art as a Means of Communication," at the Israel Museum at 9 a.m. An exhibition of African Art is slated to open at the museum at 8 p.m.

Kibbutz offer to take Ethiopians rejected

Jerusalem Post Staff

The chairman of Youth Aliya, Uri Gordon has turned down an offer by kibbutzim to take in Ethiopian youths, saying the immigrants need to start their lives in Israel in a religious framework.

A statement released by the Jewish Agency on Friday said Gordon, who represents the Labour Zionists on the agency executive, had written a letter to the kibbutz movements' roof organization, turning down its offer of last week to take in Ethiopian youths.

Gordon told the kibbutz organiza-

tion that the Ethiopians "have come from an undeveloped country to modern Israeli society. So the culture shock they experience is more than they can deal with."

He added that it would cause the Ethiopians even greater problems if they were to "settle in an open, secular society, not governed by Jewish religious law. Psychologically and sociologically, the damage would be irreparable."

After several years in Israel, the Ethiopians will be able to choose the way of life they want, Gordon wrote to the kibbutzim.

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Mr. Avshalom Bauman, Hebrew University and Hadassah Hospital

Chairperson:
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A cappella Programme
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Jerusalem, Dormition Abbey
Wed., Jan. 2, 1985, 8.30 p.m.

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Mass in B Minor ("Great Mass")
with the Stuttgart Chamber Choir
Tel Aviv, Mann Auditorium
Mon., Dec. 31, 1984, 8.30 p.m.
Jerusalem Theatre
Tue., Jan. 1, 1985, 8.30 p.m.

Intensified air action in Gulf war

Iraq claims 2 Iranian jets downed

BAGHDAD (AP). — Iraq warplanes yesterday downed two Iranian jet fighters in a dogfight and shelled "enemy positions" across the common border, a military spokesman announced.

The spokesman, reading a communique over the state radio, said the two Iranian F-4 planes were downed just before noon "as our jet fighters were attacking enemy positions in the Misan sector."

The Misan area is in the southern

sector of the 1,180-km. front.

In Teheran, an Iranian military officer conceded the Iraqis may have downed one Iranian aircraft, but said the Iraqi assertion to have shot down two was definitely incorrect.

The officer, contacted at the Joint Staff Headquarters in Teheran, added that there had been no casualties among Iranian pilots. He did not elaborate.

The dogfight, the first reported by

the Iraqis in about six months, came after two weeks of intensified air attacks by Iraqi jet fighters on Iranian "positions, troop gatherings and armoured units" in the Misan zone.

Iraqi jet fighters, according to the war communiques released here, launched at least 450 bombing raids against Iranian forces in the semi-mountainous zone, about 300 kilometres south of here, over the past 14 days.

Opec parley said studying oil price cut

GENEVA (AP). — In a surprise development, the president of the Organization of Petroleum Exporting Countries indicated yesterday that Opec's ministerial meeting may consider a possible cut in the cartel's official benchmark price.

Conference sources said one proposal would envisage a reduction by 50 cents, the first such decrease since Opec lowered the benchmark rate by \$5 to \$29 a barrel early last year.

Emerging for a lunch break after

chairing the morning session, Indonesian Oil Minister Subroto said the idea of changing the official price was "floating," and Saudi Arabia's Sheikh Ahmed Zaki Yamani said the ministers were considering "every possibility."

Only last week, Opec had reaffirmed the 21-month-old official price. But markets have continued to remain weak so that several major American companies have since lo-

wered prices of U.S. domestic crudes that are similar in quality to Opec grades.

Generally, a 50-cent cut is calculated to be equivalent to a reduction of about 1.25 U.S. cents per gallon on refined products such as gasoline or heating oil if the entire cut is passed on to consumers. Oil contracts are made out in dollars so that the cut would not necessarily affect prices outside the U.S.

Four killed as immigrants protest Pakistani treatment

KARACHI (Reuters). — At least four people, including a policeman, were killed in a clash yesterday between Bihari immigrants from Bangladesh and police who opened fire to disperse them. Bihari sources said.

The clash erupted after the crowd burned an effigy of Pakistan president Mohammad Zia-ul-Haq on the outskirts of Karachi.

The Biharis were protesting for the second day against what they regard as derogatory remarks about them by Zia.

Witnesses said troops were later sent into the troubled locality of Corangi where many Biharis live.

More than 200,000 Biharis, Urdu-speaking Moslems from the Indian state of Bihar who went to what was East Pakistan at partition in 1947, have sought to emigrate to Pakistan since their mainly Bengali-speaking homeland became Bangladesh in 1971.

The Bihari demonstrators were also demanding the admission of more Biharis into Pakistan.

On Friday, at least 18 people including three policemen were injured as more than 1,000 Biharis staged an anti-government demonstration in Karachi's suburban district of Grangi.

Former male gives birth in England

LONDON (AP). — A woman who spent the first four years of her life as a boy has given birth to a healthy son, 21 years after undergoing a sex change, according to her doctors.

The 26-year-old woman gave birth this year at a hospital in Northampton, central England, the doctors said. She was not identified and the exact date of birth was not given.

The birth is reported in the current issue of *The Lancet*, the British medical journal.

They said the woman was given a sex-change operation at the age of four, after doctors discovered she had been damaged by a male sex hormone, methyltestosterone, given

to her mother during pregnancy. Although considered a boy by the parents, the child had normal female chromosomes, a womb, fallopian tubes and ovaries. But the drug had also resulted in the development of a tiny penis.

"We recommended a change to the female sex mainly because the penis was so tiny that a normal sex life in the male role seemed most unlikely, whereas fertile life in the female sex was clearly possible," the doctors said.

The child underwent a series of operations in Sheffield, northern England, during which surgeons changed the external organs.

Cabbie queues for 17 days for Yule bargain

LONDON (Reuters). — A taxi-driver yesterday claimed a world record by queuing for 17 days outside a department store to snap up a bargain in the season's traditional cut-price sales.

Tony Sprackling, 24, even ate his Christmas dinner and opened his presents outside the shop in Colchester, eastern England, in order to

break the previously reported record of 352 hours by 60 hours.

Sprackling was the first to enter the store when it opened its doors to bargain-hunters at the start of the sale yesterday morning.

He bought a sofa-bed which had been reduced from £399 to £50 and was given a champagne breakfast by the store's assistant manager.

Siberians face fuel shortage this winter

MOSCOW (Reuters). — At least two energy officials have been sacked and several others reprimanded for failing to prepare adequately for a severe winter that has left Siberians shivering in their apartments, a

Soviet daily said yesterday.

Reports from various areas of Siberia showed that temperatures had dropped as low as minus 60 degrees centigrade recently.

Fighting continues to recapture camp from Vietnamese

NONG SAMET, Thailand (AP). — Vietnamese troops inflicted further losses on anti-communist guerrillas who were trying to retake their largest camp during a fifth day of fighting along the Thailand-Kampuchean border yesterday, guerrilla sources said.

The international committee of the Red Cross reported that about 30 guerrillas were wounded in Rithisen camp yesterday, between seven to 10 of them seriously.

Only scattered shelling was reported at Ampil Camp, the headquarters of the Khmer People's National Liberation Front which also controlled Rithisen. But Lieut. Gen. Pichitra Kullavanijaya, one of Thailand's top military commanders, told journalists he believes that Vietnamese forces are poised to attack the camp "soon."

Pichitra, who commands Thailand's First Army, toured the embattled border Friday.

KNPLF officers here said Son Sann, the KNPLF leader, visited Ampil yesterday, meeting with his top commanders to apparently plan for a possible Vietnamese attack. The 73-year-old former Kampuchean prime minister toured the Nong Samet area Friday, including the "Red Hill" evacuation site where 62,000 of Rithisen's former inhabitants have sought refuge.

Japan to boost defence spending

TOKYO (AP). — The cabinet of Prime Minister Yasuhiro Nakasone approved considerably increased spending on defence and foreign aid yesterday in an otherwise austere budget for fiscal 1985, the prime minister's office said.

The cabinet adopted a central government budget beginning April 1 of 52.5 trillion yen (\$210 billion), up a cautious 3.7 per cent from fiscal 1984, officials said.

The biggest and most controversial item was for defence, with spending boosted 6.9 per cent over last year. The budget increase is much higher than the 5.1 per cent rise offered by the Finance Ministry, with which all of Japan's ministries must negotiate for budget allocations.

The Defence Agency is getting 3.14 trillion yen (\$12.56b.), up from 2.93 trillion yen (\$11.72b.).

The rise will put Japan's defence budget precariously close to the government's self-imposed limit of 1 per cent of GNP, or 8.96 yen (\$55.6 million) away from the 1 per cent mark.

In August the National Personnel Authority, which determines the salaries of public servants, including Japan's 241,000 military personnel, is expected to recommend an across-the-board wage hike of about 3.37 per cent.

BITERS. — Animals — including donkeys, horses and camels — bite more than 120 people a day in Karachi, according to city's medical gazette. Dogs are the usual culprits.



Polish secret police officer Capt. Grzegorz Piotrowski (left) with a police escort, goes on trial at the end of last week for the murder of pro-Solidarity priest Jerzy Popieluszko. (UPI telephoto).

Polish policeman implicates top official in priest's murder

TORUN, Poland (Reuters). — A police officer on trial for the murder of pro-Solidarity priest Jerzy Popieluszko has implicated an unnamed deputy interior minister in the plot which led to the killing.

Lieut. Leszek Pekala withdrew allegations that the deputy minister had authorized the murder but said he was told that the official and a colonel who was his ministry chief wanted Popieluszko's activities curbed.

"I mistakenly interpreted this as meaning they wanted illegal action," he told Torun Provincial Court Friday.

Pekala said he was not given the name of the deputy minister, who is the highest-ranking official said to have known of action to be taken against Popieluszko.

Official sources said there were six deputy interior ministers.

The colonel cited in his testimony was Adam Pietruszka, who is also on trial and denies inciting the murder of Popieluszko, a leading supporter of the banned Solidarity free trade union.

Pekala, Capt. Grzegorz Piotrowski and Lieut. Waldemar Chmielewski admit kidnapping and killing the priest near the northern town of Torun on October 19.

Pekala said that Popieluszko pleaded, "Help, help... spare my life, you people," as Piotrowski clubbed him senseless when he tried to escape.

If convicted, the secret-police officers face a minimum penalty of eight years in prison to a maximum penalty of death.

Reagans united with estranged son

LOS ANGELES (Reuters). — President Ronald Reagan, on a New Year's holiday in California, was reunited yesterday with his rebel son Michael and met his youngest grandchild for the first time.

Michael Reagan, 38, a Los Angeles businessman, visited the president's hotel suite. As he entered, he told reporters "I'm going to tell him (Reagan) I love him."

Michael was accompanied by his wife Colleen, their son Cameron, and 20-month-old Ashley, whom Reagan had never seen.

The family's affairs became public last month when Nancy Reagan said

in an interview that she and the president had been estranged from Michael, the adopted son of Reagan and his first wife, actress Jane Wyman, for about three years.

Michael responded by accusing Nancy Reagan of jealousy and resentment. He demanded an apology from his stepmother.

He also made appearances on several television talk shows and wore a T-shirt emblazoned with the slogan "I'm not the dancer," — a jibe at the Reagan's youngest son, Ron, who used to dance with New York's Joffrey Ballet.

Pretoria seeks African landing rights

PRETORIA (Reuters). — South Africa is negotiating with an unspecified number of African countries, including Somalia, for landing and over-flying rights for its national airline, the Foreign Ministry said yesterday.

Foreign Minister P. W. Botha confirmed recently that he had paid a secret visit to East Africa to discuss

civil aviation and other commercial ties, but he gave no details.

At present all South African Airways flights to Europe and Israel must fly the long route round the western bulge of Africa to avoid black countries which object to Pretoria's policies of racial segregation.

Sam Peckinpah, at 59

LOS ANGELES (AP). — Director Sam Peckinpah, known for his graphic depictions of violence in such films as *Straw Dogs* and *The Wild Bunch*, died Friday of heart failure, an assistant said. He was 59.

The Fresno-born Peckinpah directed some highly regarded westerns, including *Ride the High Country*, and *The Ballad of Cable Hogue*.

Most of his recent films had been box-office failures, including his latest, *The Osterman Weekend*. At the time of his death he was in pre-production on an independent film, *On the Rocks*, to be shot in San Francisco, his aide said.

State minister quits over Bhopal disaster

NEW DELHI (AP). — The Labour Minister of Madhya Pradesh state resigned two days after a poison gas leak in the state capital, Bhopal, killed more than 2,000 people. He declared that he assumed "moral responsibility" for the disaster, the state government belatedly announced on Friday.

Minister Shyam Sunder Patidar handed his resignation to the state's Chief Minister Arjun Singh on December 4, but Singh waited three weeks before accepting it.

Greek and Turkish Cypriots celebrate New Year together

NICOSIA (AP). — Greek and Turkish Cypriot politicians and journalists on Thursday night fraternized, singing and dancing together at a ball in war-divided Cyprus at the first time in 10 years.

The Greek Cypriot afternoon newspaper *Apogevmatini* Friday hailed the historic occasion as a "Peace fiesta," and "A good omen" for the future.

Greek Cypriot President Spyros Kyprianou and members of his council of ministers sat at the same tables drinking and chatting with the Turkish Cypriot politicians and journalists until the early hours in an atmosphere of intercommunal amity unknown in Cyprus for over a decade.

The arrival of 30 Turkish Cypriot politicians and journalists was the surprise of the night as their invitation to the ball by the Cypriot Ivan Arkhipov had not been previously announced.

The group of Turkish Cypriots travelled to the capital's Hilton Hotel in a fleet of taxis after crossing the heavily fortified "Green Line." The line splits the city and the rest of the

island into Greek and Turkish Cypriot sectors; the two communities live apart without any contact between them.

Kyprianou hailed the presence of the Turkish Cypriots at the ball as a good omen for his forthcoming meeting with Turkish Cypriot leader Rauf Denktaş, whose son Raif was at the ball.

The two Cypriot leaders are to meet in New York on January 17 in the presence of UN Secretary-General Javier Perez de Cuellar to work out final points for a settlement of the Cypriot problem.

Eight hundred guests attending the New Year's ball of the Cyprus Union of Journalists broke into thunderous applause as Kyprianou and Raif Denktaş, chairman of the Turkish Cypriot Socialist Party, each called for the reconciliation of the divided island communities.

"This is the right time for us to become patriots rather than nationalists... as Cypriots, Turk or Greek we have been bad to each other but we should come together and unite as Cypriots," Denktaş declared.

Soviets and Chinese agree to increase trade by \$1.8b.

PEKING (Reuters). — Soviet officials yesterday unveiled another agreement to boost Sino-Soviet trade as Kremlin economic envoy Ivan Arkhipov left Peking for home.

Soviet Vice-Minister of Foreign Trade Ivan Grishin and his Chinese counterpart Jia Shi agreed to increase trade by 28 per cent in 1985 to \$1.8 billion, the New China News Agency reported.

The two countries had already signed a trade pact last month raising

next year's trade to \$1.4b. from \$1.05b. this year.

During Arkhipov's nine-day visit, the two former allies who became ideological foes in the 1960s also signed a 1986-90 trade agreement and accords on economic, technical and scientific cooperation.

Arkhipov, 77, the highest-ranking Kremlin leader to visit Peking in 15 years, appeared to steer clear on his visit of sensitive political issues which still divide Moscow and Peking.

Chernenko urges efficiency both in economy and party

MOSCOW (Reuters). — President Konstantin Chernenko has called for a breakthrough in economic efficiency by the end of the decade on the way to achieving long-term Communist aims.

He said one pre-requisite is having efficient people in the party, and called for changes "in the entire system of selection, training and promotion of cadres and control over their activities," and promised no leniency for officials who abused their authority.

In an article in this month's Communist Party ideological monthly *Kommunist*, Chernenko effectively repudiated the over-optimistic policy goals set by Nikita Khrushchev in 1961.

Khrushchev's programme, still theoretically in force, predicted that

the Soviet Union would overtake the West in economic terms by 1980 and begin building a truly Communist society based on high living standards for all.

But Chernenko's article stresses that it is necessary to secure before the end of the '80s a decisive breakthrough in economic efficiency.

Tass quoted Chernenko as saying that "streamlining of the forms and methods of socialist economic management" is the only way to create the basis for the first stage of Communism.

Clearly discarding Khrushchev's targets, Chernenko in his article referred to "large and complex problems" remaining to be solved. Calling this process "the refinement of socialism," he said it would "constitute a whole historical epoch."

Leader of Seychelles coup plot to be pardoned

PRETORIA (AP). — Col. "Mad Mike" Hoare, leader of a failed 1981 coup plot in the Seychelles, is among 85 prisoners to be freed under a Christmas pardon by President P. W. Botha, officials said Friday.

Hoare, 65, an Irish-born mercenary, was sentenced to 10 years in prison in July, 1982, for hijacking an Air India jet to escape from the Seychelles with his band of merce-

naries when the plot was discovered.

The pardon, announced this week, covers prisoners 65 or older who have completed one-fourth of their sentences and are not expected to commit crimes again. A total of 44 prisoners are to be released by New Year's day, and 41 others over the next several years, the prisons department said.

Moslems held for illegal gathering in S. Africa

CAPE TOWN (Reuters). — Fifty-seven Moslems attending a prayer meeting in a South African sports stadium have been arrested for being at an illegal gathering, a police spokesman said yesterday.

He said the 54 men and three women had been charged under the Internal Security Act and would appear in court tomorrow. Outdoor gatherings without official permission are banned in South Africa.

The police action was condemned by the Cape Moslem Judicial Council, which said, "This is something we deplore because we feel that everybody has the right to come together to pray and express whatever they believe in."

SUDAN. — The U.S. has agreed to lend Sudan \$25 million for the purchase of wheat and flour, the Sudan news agency reported on Friday.

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South African economy seen bleak in 1985 as curbs bite

JOHANNESBURG (Reuter). — The South African economy, buffeted by a slumping gold price and the worst drought in living memory, faces a bleak 1985, with government austerity moves aimed at recovery in 1986 now biting, economists say.

Gold is now trading around \$310 an ounce, down from over \$500 last year. A further drop in the price could delay economic recovery.

The country's leading insurance firm, Sanlam, said in an economic survey last week that the downturn in general economic activity was far more serious than the latest statistics showed. "We believe that poor business conditions will prevail until late 1985," it said.

Last August South Africa introduced an austerity package of unprecedented severity, which drove bank lending rates up to a record 25 percent. Reserve Bank Governor Gerhard De Kock said in a recent interview that the measures aimed at curbing inflation and improving the balance of payments were working better and sooner than expected.

But he warned the country that it faced an economic downturn and accelerating inflation for some months to come.

Most economists here are unwilling to predict the gold price for 1985, but the finance ministry hopes for some rebound and has budgeted on around the 1984 average of some \$360 an ounce, senior government officials said.

The country's economic troubles have been worsened by drought. Traditionally a large food exporter, South Africa may be forced to import maize for the second year running.

Economists said the outlook also depended on the resolve of Finance Minister Barend Du Plessis, who introduced the austerity package within days of taking up the portfolio last year. Insurers Sanlam have warned the government against relaxing restrictive measures prematurely.

Interest rates are still close to record levels. Recent weakness of the country's currency, the rand, and the gold price forced banks to raise lending rates to prime customers to 24 percent earlier this month.

Summing up the current mood in the economy, Stellenbosch University's respected Economic Research Bureau said consumer optimism was at a record low among both blacks and whites.

The Reserve Bank's De Kock forecasts a big turnaround in South Africa's balance of payments current account in 1985, with a surplus of one to two billion rand (\$500m. to one billion) next year. A deficit of one billion rand (\$500m.) is expected in 1984.

Annual inflation is expected to increase in early 1985 from 12.5 percent in October to a peak of 14 percent or more.

The rand has dropped sharply to record lows of about 50 U.S. cents from a high this year of 84 cents.

and transact business; if he wants, he will bank from home or office: POS will also take care of many more of his regular transactions.

The branch will therefore be physically smaller and many fewer persons will work in it. Those staff that are there will be better qualified, through higher educational and training requirements, than the average level of their colleagues today. They will concentrate on providing all the advisory and analytical services that the customer may need but cannot get, for obvious reasons, from the computer systems at his disposal. In addition to these qualifications that the clientele will expect to receive from the branch personnel with whom it deals, the bank management will demand from them a much higher degree of marketing ability and creativity or innovation, in terms of seeking out and developing new business opportunities for their branch. To aid them in those tasks they will not only have ready-made material from head office, but their own personal computers to use as tools in analysis, marketing or whatever.

It is no exaggeration to say that the future growth of the banks will be determined primarily by the managers' success, as a group and individually, in three fields:

- The correct selection and training of suitable personnel and the ability to provide this kind of staff with challenging, responsible and — of course — remunerative work.
- Their ability to identify and respond quickly to changing customer needs and demands, and to develop novel and attractive products to meet them.
- Their marketing capability — to

Israeli banking at the crossroads (VIII)

(Continued from Page One)



make actual and potential clients aware of what they are offering and its advantages to them. Wrapped up in this is an assumption that each bank will have to define clearly, primarily to itself, which markets and sectors it is aiming to serve.

All the banks are aware of this future and are actively planning towards it. The general public would probably be surprised to learn that the banks not only expect the recession to drag on at least until 1986/7, but that they also expect to survive it and to come out of it in good shape to begin another period of strong, but this time profit-oriented growth, after spending the interim years getting smaller and fitter.

To this end, and simultaneously with the process of reducing staff and cutting other costs, they are engaged in analysis of what kind of skills their personnel will need in the future, and are formulating new screening techniques and training programmes designed to obtain and produce them.

The bank that is furthest advanced in developing many of these management concepts is the First International Bank. Because of its short and rather unusual history, the First International is unaffected by many of the ills that the system as a whole suffers from. For example, it never got involved in supporting its own shares because when it could have done so it didn't want to and when it wanted to it wasn't allowed to. It therefore escaped unscathed from the crash of October 1983.

But the most unusual feature of this small 12-year-old bank is that it never had a chance to take life easy, because it had no major groups or "empires" to fall back on and no history of growth in the boom years of the Israeli economy — it simply wasn't around. It always had to work hard for a living, because if it hadn't been nimble and turned a good profit it would have been squashed. A marmalade in a world of dinosaurs, the First International has now come into its own as the rest of the system seeks to adjust to what is a new era for its rivals but has always been its own natural environment.

Its philosophy of eschewing growth for its own sake and concentrating on doing only profitable business — the old heresy now become the new orthodoxy — led First International to build a structure that saw the individual branch as a profit centre in its own right. Each branch

is assessed quarterly and each branch manager reports personally to senior management on the progress his branch is making. If he is not meeting his targets he is hauled over the coals. If that doesn't help he is simply replaced, and if the branch continues to lose money, it is closed. Since branches are not opened without proper field work and market research being done in advance, this rarely happens and targets are usually met. At First International they tell you that they don't only go to work, they come to work.

Without making anywhere near as much noise about it, First International has developed a computer system as advanced as Mizrahi's. The emphasis, however, is on putting it to work for the bank by encouraging managers to develop their own localized initiatives, using their desktop PCs as important tools to that end. The manager can already obtain the full asset and loan position of a customer at the proverbial press of a button, including post-dated cheques which are to be deposited in his account and other receivables, including documentary credits. Mizrahi branches also have this facility, while Hapoalim has it available for its central credit and loan department at head office. The branch-orientation of First International means that the local branch manager is not only given the data, but is expected to take the initiative over what to do with it.

Another feature that is coming to the fore in the thinking of all the banks, but that First International had always been very clear about, is the basic corporate strategy of whom the bank is trying to sell its services. So long as asset-growth was the overriding criterion, and demand for financial services was increasing exponentially, everybody was welcome at the banks, and the more the merrier. With the coming of hard times, both for the banks and the country, the trend is more and more in the direction of greater selectivity over whom to do business with, and the criterion is primarily profit rather than mere turnover.

As a result, even the most universal bank of them all, Bank Leumi, is getting much fussier as to the conditions on which it will take on new business — particularly, of course, on the loan side. Even as regards deposits, however, Leumi and the rest will no longer take anybody's money without thinking twice.

For instance, a person who is not a client of Leumi seeking to deposit money into a client's account is now charged for the "privilege." In savings schemes, the old system of even the smallest sums being accepted in monthly payment "save as you earn" schemes is now dead and buried. Strict minimum limits are now applied, even for standing orders. In foreign currency accounts for local residents these minimums run as high as \$300-500. Why? Because, says Leumi, the Bank of Israel regulations make it impossible to charge management fees for these accounts, and small deposits are simply money-losers.

The full extent of the revolution undergone by the banks can only be appreciated if one realizes that the unspoken hope underlying many of the charges recently applied by the banks for various services is not

merely to persuade people to use these services less, but to actually drive them away. It would scarcely be going too far to say that bankers chortle with glee to see the queues outside the post offices, as people wait to pay their utility bills without charge in the postal bank instead of paying the several hundred shekel commission that the banks now take.

All the banks, bar Leumi and Hapoalim, are engaged not just in slimming by reducing weight all over, but are thinking along the lines of cutting whole limbs, in other words effectively withdrawing from activity in certain sectors of the economy, so that they can specialize in specific areas. This kind of specialization used to be left to subsidiaries of the "big three" such as Union and Kupat Am (Leumi), American-Israel (Hapoalim) and Barclays (Discount), but outside analysts see little reason d'être for these banks as separate entities in the banking structure now emerging.

The place where these changes are most apparent, if least visible to the general public, is in the structure of senior management at each bank. The smaller banks' structure is based on short lines of command from chief executive level to the officers in the field — the branch managers. At the top, a compact management team meets regularly and can cover any area of activity, delegating execution to one or two members in charge of the specific front under discussion. This is a natural advantage that smaller organizations have over large ones.

In both Mizrahi and First International, the general managers (Aharon Meir and Bino Zadik respectively) are thus easily able to control every aspect of their banks' operations. Their opposite numbers in the larger banks, whether they want to or not, are unable to achieve the same degree of personal involvement.

The large banks, like large organizations everywhere, have long recognized the existence of this general organizational problem, and the last few years have seen major reorganizations at Leumi and Hapoalim aimed at solving it as far as possible.

Leumi's strategy in this regard involved delineating control according to function. The bank was aligned, in 1982, into seven divisions — corporate (for larger customers), banking (for small customers), international, non-banking (insurance, real-estate and industrial companies owned by the bank), finance and accounts, administration and strategic planning. The heads of each of these divisions, plus the general manager and chief operating officer (Mordechai Einhorn) and the chairman and chief general manager (Ernest Japhet) form the management committee. This meets several times a month, while its sub-committees (for loans, control, assets etc.) discuss the matters pertaining to them at weekly or bi-weekly meetings and report to the full committee.

Hapoalim and Discount also have central management committees, of course, but their division of responsibilities is different. In the first

place, Hapoalim's board of management (chaired by Giora Gazit) carries much wider authority vis-à-vis the board of directors (chairman Ephraim Reiner) than in Leumi, while Discount has what it calls an "inner executive" committee (chaired by Eli Cohen) as a small forum within the wider board, where the day-to-day running of the bank is controlled. Furthermore, these management committees run the whole bank directly, as opposed to Leumi's division system, by forming teams to deal with each area of operation, sometimes on an ad-hoc basis but usually along fixed lines equivalent to Leumi's sub-committees.

The object of all these management methods is to be able to achieve effective control and clear areas of authority in the running of each bank, while allowing senior management to review together overall operations and authorize initiatives in any field. Two key tests of any management system are its ability to respond quickly to new developments and, conversely, to plan and execute its own new ideas.

In these terms, there is little doubt that First International comes out ahead on both scores. Its innovativeness in saving-scheme promotion is well-known, but its development of a new scheme based on the bank shares in the "arrangement" when the stock exchange was at its nadir in January 1984, is credited by many as leading directly to the dramatic reversal that occurred in the market at the end of that month. Even more impressive was the bank's invention of a method of "auctioning" loans to borrowers — an idea that struck a chord in many foreign banks.

But the bigger banks are proving to be no pushovers, as the twin advances of administrative reorganization and improved computer capacity — as well as the sense of urgency engendered by their losses — have begun to bear fruit. The outgoing year of 1984 brought, from Leumi, such novel tools as floating-rate time deposits and the use of ATMs for giving instructions to make *pakam* deposits, as well as making foreign-currency options available to businessmen as a means of controlling currency risk and opening a telephone advisory service for exporters.

Hapoalim, for its part, led the way in developing a new, more wide-ranging approach to investment counselling and played the leading role in popularizing the emerging money-market. Considering what Hapoalim went through this year, in everything concerning the Levinson affair and its aftermath, its performance is in many ways remarkable.

A general assessment would be that operations management is not the biggest obstacle facing the banks in their efforts to recover from their own troubles and navigate the troubled economy in a recessionary sea. That has to be sought even higher up the chain of command, at the level of control and ownership.

But before tackling that bed of thorns, an overseas trip is in order — to visit the operations of the Israeli banks abroad.

LONDON BANK RATES

	December 28, 1984	prev.	close
Bank base rate	9 1/4	9 1/4	
Call-money	8	9 1/4	
91 day treasury	9 1/4	9 1/4	
3-months interbank	10	10 1/4	

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LEBANESE PHONES.

Communications Minister Amnon Rubinstein promised representatives of several villages in South Lebanon that he would check the possibility of connecting them with the Israeli phone network, to enable them to call relatives abroad.

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FOREIGN CURRENCY EXCHANGE RATES				FOR 28.12.84		
COUNTRY	CURRENCY		CHEQUES AND TRANSACTIONS		BANKNOTES	
			PURCHASE	SALE	PURCHASE	SALE
U.S.A.	DOLLAR	1	629.7214	637.5786	624.1500	646.3200
GREAT BRITAIN	STERLING	1	731.6103	740.7388	725.1300	750.8900
GERMANY	MARK	1	199.6263	202.1172	197.8600	204.8900
FRANCE	FRANC	1	65.3034	66.1183	62.4600	—
HOLLAND	GULDEN	1	176.9874	179.1958	175.4200	181.6500
SWITZERLAND	FRANC	1	242.6672	245.6930	240.5200	249.0600
SWEDEN	KRONA	1	70.0351	70.9090	68.5100	71.8800
NORWAY	KRONE	1	69.2991	70.1638	67.7900	71.1300
DENMARK	KRONE	1	55.8759	—	54.6600	—
FINLAND	MARK	1	96.1994	97.3997	94.1000	98.7400
CANADA	DOLLAR	1	476.2318	482.1739	468.2400	—
AUSTRALIA	DOLLAR	1	521.0314	527.5325	497.8300	539.5800
SOUTH AFRICA	RAND	1	318.0093	321.9772	267.9100	304.1000
BELGIUM	FRANC	10	99.7815	101.0266	—	—
AUSTRIA	SCHILLING	100	284.2986	287.9459	281.7800	291.7900
ITALY	LIRE	1000	324.9336	328.9879	307.5600	—
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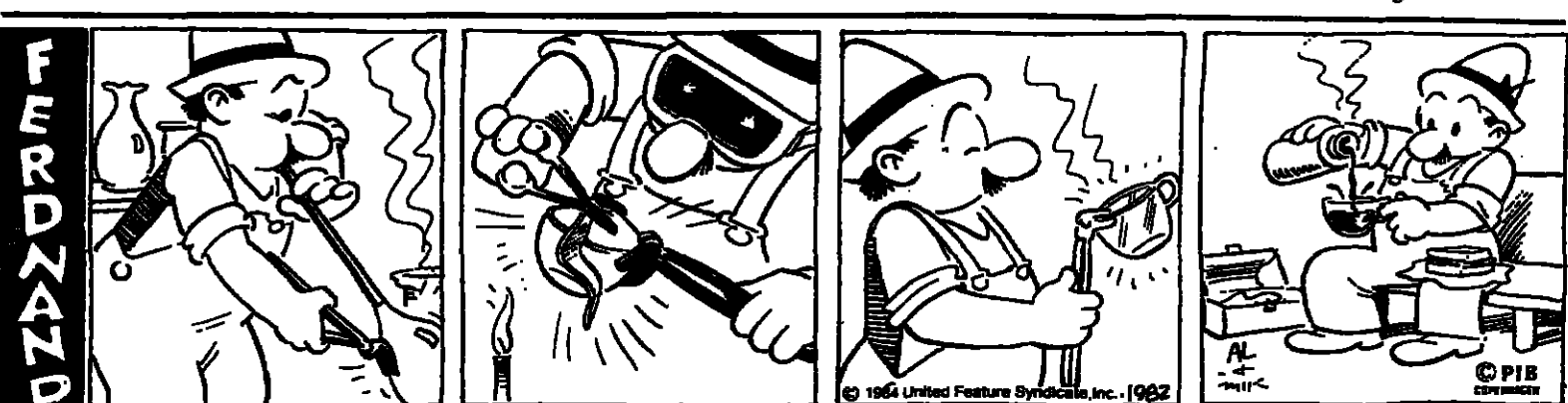
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- ACROSS**

7 Yet she might produce mountains of wholesome food (5, 4)

8 Poisonous bully beef (5)

10 What happened to the bowler in renaissance? (a word) Surely not! (5, 3)

11 Stew is deposited in a Scottish bank (8)

12 The wintry weather has presumably moved from the North (4)

13 Exercising patience of an unending nature (8)

15 Short competition before he introduces the act (7)

17 Test match after which the safari goes (3, 4)

20 After beginning, showed the way to be alarmed (8)

22 Throw a stage party (4)

25 Effect of little devil's exploit (8)

26 Sole impression (8)

27 Spirited card game (5)

28 Make as sure as sure can be (9)
- DOWN**

1 Launch a new company? (5)

2 Surrender to American soldier with a colour stripe (4, 2)

3 Presumably it is staged in the theatre of conflict (3, 2, 3)

4 Follow advice to policeman who wants to catch thief (2, 5)

5 In which to advertise the village student parade (5, 3)

6 Adam at the top of the list (3, 4)

9 Clearly I want another lot in the same place (4)

14 Cheers for the cancan troupe (7, 2)

16 Parade order for wine carried by a large liner (4, 4)

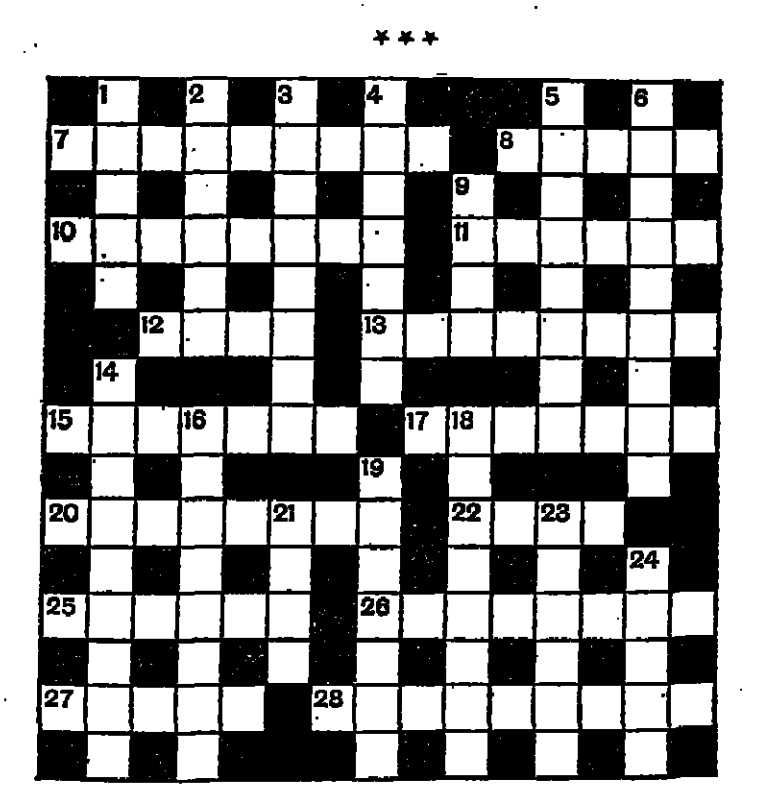
18 Incorporated an ardent admirer enjoying luxurious ease (2, 6)

19 Eccentric ambition of ichthyological explorer (3, 4)

21 Dead, but not dead on time (4)

23 Cause of Middle East upset in a place? (6)

24 Uniform ribbon for railway assistant (5)



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Netanya: Kupat Holim Cholim, 31 Brodetski, 91123.

Haifa: Hanita, 22 Hanita, 231905.

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Jerusalem: Hadassah E.K. (pediatrics, surgery, orthopedics, ophthalmology, E.N.T.), Shaare Zedek (internal, gynecology), Tel Aviv: Rosh (pediatrics), Ichilov (internal, surgery).

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Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 4444.

QUICK CROSSWORD

ACROSS

1 Cabriolet

4 Tree-cutter

7 Semaphore operator

DOWN

9 Writer of verse

10 Antlered animal

11 Fast

13 Go to bed

14 Absentee from school

15 Brief instant

17 Bracket candlestick

18 Eskimo canoe

20 Surgical dressing

22 U.S. army vehicle

23 Three-month term

24 Tried

25 Zero

DOWN

1 Picnic basket

2 Piece of burlesque

3 Mix

4 Cut of meat

5 German song

6 Feeling of sorrow

7 Emotion

8 Whatever is left

11 Honest

12 Goods vehicle

15 Annoy vexatiously

16 Book of Jewish law

17 Proverbial strong man

18 Sends goods overseas

21 Slow counter

22 Fast driver

Friday's Solution

CATHER TOORR

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

WABTIE COVERTY

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

MARRIAGE AUCTION

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WHISTLEBLOWER

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

RAISIN ENERGY

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

Quick Solution

Across: 1, Caber; 4, Clock; 7, Party conference; 8, Drink; 11, Sandwich; 12, Currant; 13, Doctor; 15, Recipe; 16, Synagogue; 20, Overcoat; 21, Report; 22, As; 23, on the hills; 24, Taster.

Down: 1, Cupid; 2, Barrier; 3, Socks; 4, Cleaned; 5, Convict; 6, Shepherd; 8, Nests; 10, Knot; 12, Cormorant; 14, Olive; 16, Chest; 17, L; 18, Start; 19, Growth; 21, Recipe; 22, Taster.

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Lecture, Accordion Demonstration and Community Singing
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Prof. Shaul Friedlander, Recipient of the Israel Prize
Second Annual Dr. Israel Goldstein Lecture
Lecture and Slides
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Susan Harris Roloff, Residence Journalist, Researcher and Lecturer

Monday, January 28

Admission IS 500

Bowler

Kric

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Ice hoc

Sports

Mansdorf's finest win

By JACK LEON
Post Sports Reporter

TEL AVIV. — Amos Mansdorf yesterday became the first Israeli ever to win a Master Tournament in Association of Tennis Professionals satellite-circuit competition, when he overwhelmed local opponent Denys Maasdrop 6-2, 6-1 in the final of the ATP's \$25,000 South African satellite series in Port Elizabeth.

No. 2 seed Mansdorf, 19, had it much harder in the semis, as he came through 6-3, 4-6, 6-4 against Christo Steyn, another home player.

The Masters was for the 32 competitors with the best overall results in the four-meet circuit. Mansdorf won one of these 64-draw tourna-

ments and was runner-up in another. Mansdorf's outstanding performance was worth a massive 26 ATP computer points and should lift him from 263 to below 200 in the world singles rankings at one fell swoop.

Mansdorf, who is serving in the army, was national junior champion last year and represented Israel at the Los Angeles Olympics exhibition tennis tournament. Ranked No. 3 here, behind Shlomo Glickstein and Shahar Perkis, he made his Davis Cup debut last summer. When the Israel Tennis Centre at Ramat Hasharon was opened in 1976, Mansdorf was in the very first group of youngsters to receive coaching there.

Maccabi TA look hot

Jerusalem Post Correspondent

LONDON. — Maccabi Tel Aviv are firm favorites to regain the Philips World Invitation Basketball Competition which opened at Crystal Palace on Friday. They overcame the Czech Club Bratislava 31-67 in the opening round. The leading scorers were Lee Johnson (39) and Mickey Berkowitz (20).

Maccabi meet rivals Crystal Palace in the quarter-finals due to be

played late tonight. Team manager Manorovsky anticipates that it will be a "tough game."

Crystal Palace have never beaten Maccabi before, though they have had some very close games in the past, including a memorable final in the same competition two years ago, which gave Maccabi the title. Palace beat Berlin 80-74 in their first-round game, but they are not seeded this year.

The right time to score

JACKSONVILLE, Florida (AP). — Tight-end Barry Hanna, who had not scored all season, turned Rusty Dyer's short pass into a dramatic 5-yard touchdown with 1:04 left to play, lifting ninth-ranked Oklahoma State to a 21-14 Gator Bowl victory over No. 7 South Carolina on Friday night.

The triumph gave the Cowboys a 10-2 record, making them the first team in Oklahoma State's 83-year football history to win more than nine games in a season.

The bitter setback prevented South Carolina from winning for the first time in six bowl trips, although the Gamecocks, also 10-2, are the first team in the school's history to win more than eight games in a season.

Hanna, a 6-foot-2, 232-pound senior, caught Hilder's pass at the Carolina 21, evaded a would-be

tackler and was hit at the 8-yard-line, but dragged three defenders into the end zone.

In Memphis, Tennessee, Auburn running back Bo Jackson stalled an Arkansas rally with a 40-yard fourth-quarter touchdown run as the 16th-ranked Tigers downed Arkansas 21-15 on Thursday in the 26th annual Liberty Bowl game.

The victory allowed Auburn to salvage a 9-4 record from a 1984 season that began with the Southeastern conference team forecast as the No. 1 team.

Arkansas, a surprise contender for the Southwest Conference title, finished 7-4-1 before a capacity crowd of 50,180.

The Tigers had kept Arkansas' offense at bay most of the evening on the strength of four pass interceptions, one of which was returned 35 yards for a touchdown in the first quarter by cornerback Kevin Porter.

Lakers thrive on thin air

NEW YORK (AP). — Playing at home in the rarified air of mile-high (16km) Denver, the Nuggets figured to have an edge on the invading Lakers from the sea-level city of Los Angeles. But it was the Lakers who thrived in the thin air.

They broke open a tight game with a 14-2 fourth-quarter run and went on to a 135-125 triumph over Denver in a battle of National Basketball Association Division leaders.

In other games on Friday, it was Detroit 116, Indiana 118; Washington 125, Atlanta 111; New Jersey 108, New York 97; Philadelphia 114, Utah 111; and Dallas 125, Phoenix 111.

Denver, leader of the midwest division, held a 101-100 advantage with 1:16 left in the third quarter when the Lakers, tops in the Pacific division, took charge.

It was a question of who would win the wall first and I think they did," said Los Angeles coach Pat Riley. "It's different at this altitude. I don't care what anybody says."

With 37-year-old center Kareem Abdul-Jabbar and 33-year-old forward Bob McAdoo kicking up their heels like youngsters, Los Angeles added to a 114-103 advantage and never looked back. Jabbar finished with 33 points and McAdoo 17 — including nine during the big run — as the Lakers won their sixth straight game and 18th in 23 outings.

"We knew each team would make two or three runs," said Riley. "But I think we were prepared for that."

Julius Erving scored 20 points to become the No. 4 scorer in pro basketball history as Philadelphia kept pace with Boston in the Atlantic Division race, by beating Utah Jazz 114-115. Erving's 12th point of the night gave him 26,711 and moved him past Oscar Robinson on the career-scoring list.

Adrian Dantley scored 31 points for Utah.

On Thursday night it was Kansas City 96, Houston 92; Chicago 112, Cleveland 108; San Antonio 141, Portland 120; Boston 118, Los Angeles Clippers 103; and Golden State 101, Seattle 98.

Kevin McHale scored 18 of his 27 points in the fourth quarter, helping Boston break up a close game at Los Angeles. The Clippers trailed only 101-95 midway through the final period. But the Celtics outscored Los Angeles 17-8 the rest of the game to pull away to 118-103.

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Krickstein in the Masters

NEW YORK (AP). — Aaron Krickstein, the 17-year-old American, has been chosen to replace the injured Andres Gomez in the 12-man singles field for the \$400,000 1985 Volvo Masters Tournament to be played from January 8-13 at Madison Square Garden, tournament director Raymond S. Benton said on Friday.

Krickstein, ranked 13th in the Volvo Grand Prix standings, will be the youngest player in Volvo Masters history. Gomez, of Ecuador, withdrew on Thursday with an injured left shoulder. He was seeded fifth. The qualifiers for the Masters are those players who have scored the most Grand Prix points in tournaments throughout 1984.

Bowler punished

SYDNEY (AP). — Australian pacer Geoff Lawson was fined 2,000 Australian dollars here yesterday by team manager Bob Merriman on the eve of the fifth and final cricket test against the West Indians at the Sydney cricket ground.

Lawson received his fine for incidents during the drawn fourth test in Melbourne.

A separate controversy between Lawson and the Windies' opening batsman Gordon Greenidge was settled privately between the two players.

Little League softball

Jerusalem Post Reporter

In the Hanukkah Little League Softball tournament, Hapoel Galon beat Hapoel Arad 11-4 and 9-5 in two very keen games, behind fine pitching of Yair Zamir and great fielding by Guy Rotblatt and Ofer Rubinsky.

The league opens a spring tournament in March.

Tough draw

By JACK LEON

TEL AVIV. — Israel have been seeded No. 1 in next year's 13-nation European Zone B Davis Cup competition, with newly-relegated Great Britain occupying the second place. But, apart from this distinction, the draw has certainly not favoured the Israelis, who have to play all their ties away from home in the 1985 campaign.

After a first-round bye, Israel meet Finland or Holland in the quarter-final in June. If expectations are fulfilled, a semi-final against Austria in August is anticipated.

Baseball's best of 1984

NEW YORK (AP). — Seattle first baseman Alvin Davis, who started the season in the minor leagues, has been named American League rookie of the year by the Baseball Writers Association of America.

Davis received 25 of the 28 first-place votes and totalled 134 points, beating teammate Mark Langston, who had 82 points. Langston, a pitcher, received the other three first-place votes, and he and Davis were the only players named on all 28 ballots.

Outfielder Kirby Puckett of Minnesota finished third with 23 points and second baseman Tim Lincecum of the Twins was fourth.

Pitcher Dwight Gooden of the New York Mets was named National League rookie of the year. Earlier, Detroit pitcher Willie Hernandez



Jerusalem Betar's Eli Ohana falls with a shot during the League Cup match at YMCA yesterday, in which Betar Tel Aviv beat the league leaders.

Jerusalem Betar shocked 1-3 in League Cup

By PAUL KOHN
Post Sports Correspondent

TEL AVIV. — A crowd of 7,000 turned out in brilliant sunny weather in Kiryat Ha'im to watch the League Cup double-header programme in which both Haifa teams won their games. Maccabi Haifa thrashed a weakened Maccabi Tel Aviv 3-0, while Hapoel Haifa snatched a 1-0 win over Maccabi Jaffa.

Although without star schemer Baruch Maman, who is injured, and defender Zion Marili, Maccabi Haifa were still a class above the Tel Aviv visitors, who were without three of their youth players, who normally play in the senior side. The home goals came from Ronnie Rosenthal, Zahi Armeli and Zadok Malka.

An own goal by stopper Israel Daniel in the 44th minute put paid to Maccabi Jaffa.

But the really big shock of the day was at the YMCA ground, where first division leaders Betar Jerusalem fielding their best line-up, lost 1-3 to foot-of-the-table Betar Tel Aviv. Ofer Nimni, transferred from Maccabi Tel Aviv recently, gave the visitors the lead in the 15th minute, with Meir Yeheskel and Shlomo Mizrahi adding further Tel Aviv goals before half-time. Mizrahi was the top goalscorer in the Second Division last season when he played for Betar Haifa.

Shimshon completed a double during the same period over Hapoel Petah Tikva, following their 1-0 win of last Saturday with a 4-1 away win yesterday. Ronen Hillel gave Petah Tikva the lead in the 16th minute, but Shimshon slammed back with four goals in the second half through Shlomo Mizrahi, Avinoam Ovadia, Yuval Kapitolnik and Efraim Arviv.

Maccabi Petah Tikva took the lead against Yavne, only to lose 2-1. Avi Gozlan scored for the visitors with David Vaknin getting a brace for Maccabi Yavne.

Maccabi Netanya players handed the best possible gift to their new coach Shmuel Pearlman, a 3-1 over Hapoel Lod. Moshe Gariani, Danny Etzion and Ronen Gabai were the Netanya scorers. Israel Ben Marnas nothing Lod's consolation goal. Pearlman replaces the sacked Arie Redler. He will be assisted by Asher Messing, who has been acting coach since Redler was given his marching orders.

Pearlman managed floundering second division Rishon Lezion until he was given the order of the boot of a few weeks ago, so he has certainly risen in the world. He was previously coach to the national youth team, who performed badly in South America.

Each team in the League cup competition plays the others in their

groups of four, home and away, resulting in six games dispersed throughout the season. The top team in each group enters the semi-finals round. There are separate National League and second division competitions.

League Cup National League			
Maccabi Haifa 3, Maccabi Tel Aviv 0	Maccabi Jaffa 1, Betar TA 3	Maccabi Yavne 2, Maccabi PT 1	Hapoel PT 1, Shimshon 4
Hapoel Haifa 1, Maccabi Jaffa 0	Maccabi Netanya 3, Hapoel Lod 1	Hapoel TA 0, Hapoel Beersheba 0	Kfar Sava 2, Hakoah 2
Standing after 2 games:			
Group "A"	goals	points	
1. Maccabi Haifa	4-1	4	
2. Yavne	3-2	4	
3. Maccabi Jaffa	1-1	3	
4. Maccabi PT	1-2	0	
Group "B"	goals	points	
1. Betar TA	4-2	4	
2. Hapoel Lod	2-2	3	
3. Hapoel Haifa	2-2	3	
4. Jaffa	1-2	1	
Group "C"	goals	points	
1. Beersheba	3-1	4	
2. Hapoel TA	2-1	4	
3. Kfar Sava	3-1	1	
4. Hakoah	2-4	1	
Group "D"	goals	points	
1. Netanya	11-2	6	
2. Shimshon	9-2	6	
3. Lod	2-8	0	
4. Hapoel PT	2-12	0	

Second Division

R. Amidor 1, Ashdod 4
Shimshon 1, Hapoel Haifa 5
R. Hakoah 1, K. Shimshon 4
Hapoel Tiberias 2, Betar Ramat Hasharon 0
Rishon Lezion 1, Hapoel Lod 0
Beit Jermolov 2, Hapoel Hadera 1
Maccabi Netanya 1, Betar Haifa 4
Yehud 2, Hapoel R. Can 3

League race wide open

LONDON (Reuters). — Manchester United and Arsenal put their disastrous away records behind them yesterday and revived their challenges at the top of the English First Division.

After a shock defeat at Stoke on Wednesday, United found themselves a goal down after only five minutes at Chelsea.

But first half goals by Mark Hughes and Remi Moses and another after 65 minutes by Frank Stapleton gave them a 3-1 win and halted a run of three successive away defeats.

Chelsea's hopes of clawing their way back into the game sank when the League's leading scorer Kerry Dixon missed a penalty 10 minutes from time.

Injury-hit Arsenal ended an even worse run of six successive away defeats with a well-deserved 3-1 win at Newcastle.

Their hero was Charlie Nicholas, who scored twice after being recalled to the side on the eve of his 23rd birthday.

But United and Arsenal failed to make ground on the two league leaders, Tottenham and Everton, who both eased home 2-0 without too much trouble — Tottenham at home to Boreham Wanderers and Everton away to Ipswich.

Leaders Tottenham welcomed back Glenn Hoddle after injury and the England midfielder promptly obliged with a goal from a 20-metre free kick after only eight minutes. Garth Crooks got Tottenham's second in the last minute.

Everton manager Howard Kendall complained before the game at lowly Ipswich that the pitch was unplayable. But the match went ahead, and Graham Sharp, with two second half goals, made the argument academic.

Division One

Chelsea 1, Manchester U. 3
Coventry 1, West Ham 2
Ipswich 0, Everton 2
Liverpool 1, Luton 0
Newcastle 1, Arsenal 3
Nottingham 3, Aston Villa 2
Southampton 0, Sheffield W. 3
Stoke 0, QPR 2
Tottenham 2, Sunderland 0
Watford 1, Leicester 1
WBA 0, Norwich 1

Blackburn 1, Huddersfield 3					
Brighton 2, Wimbledon 1					
Charlton 4, Grimsby 1					
Leeds 1, Cardiff 1					
Manchester C. 4, Wolves 0					
Oxford 5, Crystal Palace 0					
Sheff U. 4, Portsmouth 1					
Shrewsbury 4, Carlisle 2					
	P	W	D	L	Gls
Blackburn	12	14	4	4	45-21
Oxford	20	13	4	3	50-18
Birmingham	12	13	4	5	29-18

Division Two

Barnsley 0, Notts C. 0
Birmingham 2, Fulham 2
Blackburn 1, Huddersfield 3
Brighton 2, Wimbledon 1
Charlton 4, Grimsby 1
Leeds 1, Cardiff 1
Manchester C. 4, Wolves 0
Oxford 5, Crystal Palace 0
Sheff U. 4, Portsmouth 1
Shrewsbury 4, Carlisle 2

Portsmouth	11	7	4	35-28	40
Manchester C.	11	6	5	34-19	39
Huddersfield	11	4	7	32-27	37
Leeds	11	4	7	30-26	36
Barnsley	11	4	8	24-14	35
Fulham	11	2	9	30-37	35
Brighton	10	3	9	29-37	33
Grimsby	10	3	9	29-37	33
Sheff U.	8	7	7	41-38	31
Cardiff	7	4	11	22-34	28
Sheff U.	5	8	6	30-34	26
Charlton	5	8	6	27-37	25
Crystal Palace	5	7	9	27-34	23
Middlesbrough	6	4	11	28-37	23
Wolves	6	4	11	23-41	21
Oldham	6	4	11	23-41	21
Notts C.	4	2	15	21-51	12
Cardiff	3	3	16	25-51	12

Youth tourney

By PAUL KOHN

TEL AVIV. — Greece, the holders of the trophy in the annual end-of-year international soccer youth tourney here, were again top of the table last night, following two wins in their first two games. Israel and Denmark, each with a win and a draw, come next in the five-nation competition.

Following a 2-1 win over Rumania on Thursday, Israel were held to a 1-1 draw by Denmark on Friday before a 3,000 crowd in Rehovot. Denmark led through a Martensen penalty equalized by Zvi Gordon in the 70th minute. Gordon also scored one of the two goals against Rumania. Alon Hazan adding the second.

Greece beat both Switzerland and Rumania by 3-1.

Other results: Switzerland 1, Rumania 1; Denmark 1, Switzerland 0.

Israel meet Greece in Petah Tikva at 2 p.m. today.

Treat for Beduin

By LIORA MORIEL

BEERSHEBA. — The 16,000 inhabitants of the Beduin town of Rahat enjoyed a soccer treat last week when Maccabi Tel Aviv, the team for which Beduin player Shafik El-Huzei is enjoying such a sensational success this season, came to the town at his request to play a friendly match against the local Hapoel El-Huzei team.

The visitors won 6-3.

Tennis representation

The Israel Tennis Association is to convene today in an extraordinary general meeting in Herzliya to vote on the Israel Tennis Centre's application to join the Association, with 20 per cent representation plus full voting rights.

The happy losers do so in style

PARIS (Reuters). — Nobody loses like the little French rugby union club of Vergt — and nobody was ever happier losing.

They crashed 236-0 against the fierce-sounding Gujan-Mestras 11 days ago and came off quite contented. They were eclipsed by a world record 350-0 at home to a team called Lavardac last Sunday and the smiles were broader than ever.

Plunging to such extravagant defeats, some rugby zealots might be tempted to chew off an opponent's ear in the scrum or gouge him in the face when the referee's back was turned. But that is not the Vergt way. Their men — stalwarts of the French Third Division — simply stand back and let it happen.

The players of Vergt, a village in the Dordogne known as the strawberry capital of France, are not as feeble as their astronomical losses might suggest. They are just on strike in protest against the suspension of four of their number by the national Rugby Union Federation.

The club appealed but regarded a demand for a 1,000-franc deposit as a bit steep and decided instead to resort to direct inaction.

There have been no pitch invasions by infuriated fans, padded beyond endurance by the passivity of the players. Indeed, supporters have taken it all with what one local commentator called "a strange serenity."

Sunday's match drew 300 fans — and television cameras too. As soon as the referee blew his whistle for the kick-off, spectators trailed off to a nearby bar and surveyed events through glasses of wine. What they saw if they were still able to count — was 66 tries, 40 conversions and two drop goals.

It all started on October 21 when Vergt players disputed another referee's decision to award a kick to the opposition and one was sent off. Still smarting from this apparent injustice, 11 players were incensed when they were told that four of their players had been suspended, including one who, they said, had done nothing but still received a draconian six-match ban.

The club responded by fielding only 11 men — the minimum allowed by the rules — instead of the customary 15 for their next game. That one lasted 11 minutes. The next was called off and then came the two cricket-score defeats.

Ancient Maps and Prints of the Holy Land Calendar

1985 — 12-MONTH HANDWRITTEN CALENDAR, Including the Jewish Holidays.

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WORLD NEWS

Intensified air action in Gulf war

Iraq claims 2 Iranian jet

BAGHDAD (AP). — Iraq warplanes yesterday downed two Iranian jet fighters in a dogfight and shelled "enemy positions" across the common border, a military spokesman announced.

The spokesman, reading a communique over the state radio, said the two Iranian F-4 planes were downed just before noon "as our jet fighters were attacking enemy positions in the Misan sector."

The Misan area is in the southern

sector of the 1,180-km. front.

In Teheran, an Iranian military officer conceded the Iraqis may have downed one Iranian aircraft, but said the Iraqi assertion to have shot down two was definitely incorrect.

The officer, contacted at the Joint Staff Headquarters in Teheran, added that there had been no casualties among Iranian pilots. He did not elaborate.

The dogfight, the first reported by

Opec parley said studying oil

GENEVA (AP). — In a surprise development, the president of the Organization of Petroleum Exporting Countries indicated yesterday that Opec's ministerial meeting may consider a possible cut in the cartel's official benchmark price.

Conference sources said one proposal would envisage a reduction by 50 cents, the first such decrease since Opec lowered the benchmark rate by \$5 to \$29 a barrel early last year.

Emerging for a lunch break after

chairing the morning session, Indonesian Oil Minister Subroto said the idea of changing the official price was "floating," and Saudi Arabia's Sheikh Ahmed Zaki Yamani said the ministers were considering "every possibility."

Only last week, Opec had reaffirmed the 21-month-old official price. But markets have continued to remain weak so that several major American companies have since lo-

Four killed as immigrants protest Pakistani treatment

KARACHI (Reuters). — At least four people, including a policeman, were killed in a clash yesterday between Bihari immigrants from Bangladesh and police who opened fire to disperse them, Bihari sources said.

The clash erupted after the crowd burned an effigy of Pakistan president Mohammad Zia-ul-Haq on the outskirts of Karachi.

The Biharis were protesting for the second day against what they regard as derogatory remarks about them by Zia.

Witnesses said troops were later sent into the troubled locality of Corangi where many Biharis live.

More than 200,000 Biharis, Urdu-speaking Moslems from the Indian state of Bihar who went to what was East Pakistan at partition in 1947, have sought to emigrate to Pakistan since their mainly Bengali-speaking homeland became Bangladesh in 1971.

The Bihari demonstrators were also demanding the admission of more Biharis into Pakistan.

On Friday, at least 18 people including three policemen were injured as more than 1,000 Biharis staged an anti-government demonstration in Karachi's suburban district of Grangi.

Former male gives birth in England Out of touch

HISTORY knows ominous precedents for deeply-divided labour movements literally paving the way to power for right-wing, extreme nationalist parties. The most frightening such precedent was undoubtedly the deep split in pre-Hitler Germany of the early Thirties between the Social Democrats and the Communists whose joint forces could have prevented the Nazis' rise to power.

One does not have to resort to such extreme historic examples in order to perceive the danger inherent in the creation of a new Israeli left-wing Zionist-Socialist party whose primary target will be to attack and erode further the electoral power of the already diminished Labour Party. For the main problem facing Israel's society of the mid-Eighties is how to stem the tide of increasingly intolerant and aggressive nationalism which has joined forces with militant religious fanaticism.

In this battle for the soul of the nation, all truly democratic and liberal forces will have to join hands in order to re-direct the people away from distorted values and slogans, so that they will be able to hark back to the voices of reason and moderation which have guided us from the early days of humane Zionism.

One can, therefore, hardly imagine a political gathering more out of touch with present-day Israel reality than Thursday night's founding meeting of the "Forum for the Renewal of the Labour Movement." Comprising some of the best people of Mapam, the Citizens Rights Movement and some other leftist groupings, the over-crowded meeting in a relatively small Tel Aviv hall indulged in ideological, self-satisfying rhetoric that would have been more fitting for a debating society or a party seminar in times of social and political tranquility. For it matters very little to the disgruntled, underpaid and perhaps already unemployed worker whether Israel's labour movement adheres faithfully to Socialist principles of the early Twenties.

The main problem of Israel's labour movement is its growing alienation over the years from the country's blue-collar workers and from the people in development towns and underprivileged neighbourhoods, who have been leaning more and more towards nationalistic trends. The Labour Party's political future will, therefore, depend in no small measure on its ability to regain the confidence of these social strata which are predominantly of oriental origin.

What purpose can be served by a new elite leftist, more orthodox Socialist party which is almost totally bereft of real workers' grassroots support?

If anything, Thursday night's meeting, if allowed to develop into a rival Labour Party, will only serve to weaken the joint efforts of Israel's truly liberal and pro-labour forces to change the nation's course. It is one thing to contest elections in a two-pronged effort, for purely pragmatic reasons, declaring openly that the smaller, left-wing parties' aim is forming a coalition with Labour — as Shulamit Aloni's CRM and Prof. Amnon Rubinstein's Shinui movement did in this year's election campaign. But it is an entirely different matter for Mrs. Aloni, apparently inspired by her own fiery rhetoric, now to choose to launch a scathing attack on the "pragmatists and opportunists" of the Labour Party, pledging to compete for Labour's electoral constituency. That she was supported in this endeavour by another former Labour firebrand and newly-found CRM colleague, MK Yossi Sarid, adds little to her argument. For Mr. Sarid had no compunction taking his precious Knesset seat into the opposition, straight from the very centre of the Labour Party's election campaign headquarters.

It took the wisdom and experience of Mapam's veteran leader Ya'acov Hazan to caution the enthusiastic audience against hasty moves which might later be regretted. But his was a minority voice.

The attempt to launch a new leftist party, in fact, compounds the serious mistake made by Mapam and the CRM over three months ago when they decided not to join the Labour Party in the broad national unity government, thus weakening its bargaining power in the precarious coalition with the Likud. Eroding Labour's position further, by making it the main villain, could have grave and irreparable consequences.

DRIVE CAREFULLY

BETTER TO BE LATE
THAN THE LATE

The camps across the border

By A.E. NORDEN

DURING THE talks with the Lebanese at Nakoura, Israel proposed that when and if the IDF withdraws, "a good place to put Unifil for a start" would be in the Palestinian refugee camps. Our delegation, its spokesman reported, explained that since the refugees have enemies among the Lebanese, the Unifil troops should provide them with protection when we go.

And so a problem which has been on the minds of our leaders for some time was given a preliminary airing in public.

We are worried about the possibility of massacres in the camps when and if we leave, for we know that the world will blame us for them. But what troubles us also is the chance that the refugee camps will once again become terrorist bases from which attacks on our soldiers and civilians are carried out. The chance that this will happen when we move out is considered very high, and this is the reason we are keen to have Unifil both protect and police the camps as well as it can.

The subject of the Palestinian camps in Southern Lebanon will be more and more in the news in the weeks and months to come. In order to understand better what is said — and left unsaid — it might be useful to look back a couple of years.

THE MOST IMPORTANT of the many aims of our big move into Lebanon in 1982 was to put an end to the PLO kingdom there. We may someday learn definitely whether former prime minister Menachem Begin, his defence minister, Ariel Sharon, and then chief of general staff Rafael Eitan thought they could destroy that kingdom without also putting an end to the Palestinian refugee camps in the area, or whether our ex-leaders had other plans.

Did Begin, Sharon and Eitan plan or hope for the flight of the refugees during the Operation Peace for Galilee? It is not inconceivable. In the heat of the 1948 and 1967 wars — which the Arabs obliged us to wage — we Israelis seldom did much to stop the flight of Palestinians from places taken by our army; sometimes we encouraged it.

For example, most of the refugees still living in limbo and fear in Southern Lebanon either ran away from Galilee in 1948, or are the children or grand-children of people who ran away. Their exodus made it less hard for the infant Jewish state to swallow, if to this day not to digest, the mostly Arab region of Acre, Nazareth, Sakhsin and so on.

Were our top politicians and generals in 1982, although probably not wishing to annex any of Lebanon, disappointed when the 1948 refugees didn't run away again to Syrian-held parts of that country, but stayed put? Such a flight could have simplified matters for us. Or did Begin, Sharon and Eitan believe that the PLO could be rubbed out, peace won for Galilee, and the Middle East redesigned without the liquidation of the Southern Lebanese camps?

The answer isn't clear.

RIGHT AFTER the first phase of the fighting in June, 1982, the IDF did blow up and bulldoze sections of some camps, forcing the inhabitants to live in nearby orchards and school buildings. But then this ceased, and we, with donations from Jews around the world, started helping the refugees rebuild their homes, such as they were.

READERS LETTERS

SENSATIONALISM

To the Editor of The Jerusalem Post Sir, — As of late we have been witness to sensational reporting by certain local magazines and other media, specifically, in the recent Stowaway case, and when Knesset Member Abdel Wahab Darousha attempted to appear before the Palestine National Council.

Are we all guilty until proven innocent? What about the detrimental effect all this has on public and world opinion? (Not to mention innocent persons' reputations?)

I, for one, would like to get more accurate and newsworthy news items a little later, rather than irresponsible and inexcusable "news scoops" all blown out of proportion for the sheer sensational effect.

MIMI SOLVY

Kibbutz Be'eri.

CRUELTY TO ANIMALS

To the Editor of The Jerusalem Post Sir, — On my recent journey to Israel, the following aspects of life there made a negative impression on me:

Towns are dirty as refuse is thrown everywhere, which results in invasions of flies and mosquitoes, rats and cockroaches.

The cruelty of people to animals is incredible.

Something must be done to prevent some of the horrors I witnessed. If remedial steps are taken, Israel would be a very pleasant and interesting country to visit.

GISELA TINSCHER

Bonn.

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The most serious book on the war yet published says that our leaders who planned and launched the war did plan for the destruction of the camps, hoping for the flight of many, if not most, of the Palestinians from Lebanon. Ze'ev Schiff and Ehud Ya'ari say this in passing; they do not stop their narrative to examine the subject of the camps closely, but touch on it several times without, perhaps realizing its significance.

Nevertheless their book, *Israel's Lebanon War*, contains more information on the planned fate of the camps than anything else yet published.

There is also a not-implausible explanation of why, after sections of some camps were bulldozed, this destruction was halted and indeed reversed.

According to Schiff and Ya'ari, Sharon told a group of IDF generals in July, 1982, that the refugee camps in Beirut had to be wiped out, otherwise the PLO would return to them. This, of course, was while the camps there were still under IDF siege. Sharon also supposedly told the generals that Begin had decided not to rebuild the Southern Lebanese

wrong and the campaign against the head of the PLO snake in Beirut dragged on longer than it was supposed to.

For in fact Operation Peace for Galilee in its grandest aspect — and its main architects thought in grand terms — started going wrong in the first week. Instead of joining in the battle to free their nation's capital, Bashir's men left the job to the IDF. Thus the long, unexpected and undesired siege of West Beirut came about, a siege which preoccupied all of our leaders and many of us during most of that summer.

It was only in late August that Arafat finally went and Bashir was elected president. Schiff-Ya'ari say that our intention, now that the siege was over, was to keep the refugees in tents in Tyre and Sidon until a transfer north of the A'ali River could be arranged with a new and friendly Lebanese government.

The independent-minded Bashir was against this, however. He still wanted the Palestinians out of his country entirely. He intended, as soon as he was sworn in and the Americans, French and Italians of the Multinational Force were no

Maybe the question of the refugee camps, like so many other aspects of the 1982 operation, simply wasn't thought out in advance.

camps which had been damaged in the June fighting and further destroyed by IDF engineers later.

Our plan, according to Schiff-Ya'ari, was to let Bashir Jemayel order the Phalangists and the Lebanese army to expel most of the Palestinians from all of Lebanon once the siege of West Beirut was over. Arafat and his men went and Bashir, backed by our tanks, elected and sworn in as president of the republic. The IDF would not do any of the expelling itself — it would just create favourable conditions.

On the other hand, Schiff-Ya'ari report that in August, 1982, several orientalists commissioned by Sharon to study the subject came back to him with a recommendation that while the Southern Lebanese camps should not be rebuilt, their inhabitants should not be driven out of the country, but dispersed in Lebanon.

Meanwhile, in July and August, as the siege of West Beirut continued, Christians and Moslems in Sidon and Tyre harassed Palestinian refugees, burning their shops and committing murders in revenge for what the PLO had brought on these towns and in an effort to make the Palestinians flee. IDF commanders on the spot quickly started protecting the refugees from such attacks.

IF OUR PLAN was to drive the Palestinian refugees from Lebanon, or at least from Southern Lebanon, why did we prevent the local Arabs from throwing them into a panic? The answer may be that, when it came to it, such a thing looked atrocious, simply unacceptable, to the IDF officers on the ground.

It may be that we had no such plan — that we did, but that it had to be scrapped when other plans went

longer underfoot in Beirut, to expel those refugees without Lebanese citizenship — the great majority — to Syria.

He was killed before he was sworn in. Then the Sabra and Shatilla massacres took place almost on camera. The MNF returned. Our country's name was disgraced and the grand design of Operation Peace for Galilee lay in ruins. Surrounded by the wreckage, scrutinized and accused by moralists and reporters at home and abroad and with the winter rains coming, we had no choice but to forget about moving the refugees anywhere, and could only rebuild Ein Hilwe.

THIS VERSION of events which can be pieced together from the Schiff-Ya'ari account, and which other sources partially or completely confirm, is not implausible. Yet their book on the aims, successes, failures and stages of the war is not completely trustworthy, and cannot be considered the last word. This is not only because it was written too soon after all the events, but because the authors' loathing for our extramural — especially for Sharon — is liable to have shaped their reporting and distorted their judgement at some points.

For instance, the Kahan Commission report, treating the contacts between our leaders and the Phalangists before the move into Lebanon, says:

"The subject of the Palestinian population in Lebanon, from among whom the terrorist organizations sprang up and in the midst of whom their military infrastructure was entrenched, came up more than once in meetings between Phalangist leaders and Israeli representatives. The position of the Phalangist leaders, as

reflected in various pronouncements of these leaders, was, in general, that no unified and independent Lebanese state could be established without a solution being found to the problem of the Palestinian refugees, who, according to the Phalangists' estimates, numbered half a million people.

"In the opinion of the Phalangists, that number of refugees, for the most part Moslems, endangered [both] the demographic balance between the Christians and Moslems in Lebanon and (from other standpoints as well) the stability of the State of Lebanon and the status of the Christians in that country. Therefore, the Phalangist leaders proposed removing a large portion of the Palestinian refugees from Lebanese soil, whether by methods of persuasion or other means of pressure. They did not conceal their opinion that it would be necessary to resort to acts of violence in order to cause the exodus of many Palestinians refugees from Lebanon."

All this sounds credible to anyone who has ever talked with a Lebanese, especially a Maronite. But the Kahan Commission has no

the Palestinians "to another Arab state," but "I opposed this."

Soon after the start of the war, Arie (Lova) Eliav went to Sharon and offered to conduct a study of the refugees in South Lebanon. Sharon agreed, maybe because this was not altogether a meeting of men from different planets. Eliav had been on missions to former Austrian Chancellor Bruno Kreisky and the PLO on behalf of Begin and Sharon before.

Now Eliav did his study and presented his findings. If we did nothing, the survivors of Ein Hilwe would inhabit the camp, he wrote, and we would have another generation of terrorists on our hands. We should strike while the iron is hot. We should substitute something better for the breeding-grounds of terror. We should seize the historic opportunity available to us in the wake of the war and build new, bright, permanent, controllable quarters for the refugees elsewhere in South Lebanon, with American funds.

A practical dreamer, the father of comparable projects for Jewish and non-Jewish refugees in Israel and Iran, Eliav volunteered to organize the South Lebanon scheme for the Palestinians himself and recruit Israeli experts. Nothing came of this. Instead, a few days later, with the siege of Beirut commencing, Ya'acov Meridor was appointed by the government to coordinate relief to the refugees.

DOV IRMIYA has published a war diary with a warm introduction by Eliav. On June 18, 1982, Meridor held a briefing for IDF officers in Sidon at which Irmiya was present. Asked about government policy towards the refugees, Meridor is quoted by Irmiya as saying: "They've got to be pushed east towards Syria. Let them go there and don't let them come back."

But on June 22, the head of the IDF civilian aid unit in Sidon told Irmiya, "There's no policy yet." An old Mapamnik, Irmiya is evidently disgusted by most of his countrymen today. This does not invalidate his first-hand testimony.

Vitzhak Bailey, an orientalist who was mobilized in the summer of 1982 and advised the IDF on Ein Hilwe, says that from his vantage point, he could detect no top-level decision or plan to do anything about the refugees. On this subject, as on most others, there was near-total confusion. If the politicians in Jerusalem gave the officers in the field any guideline, it was only "Don't do anything to upset Bashir."

The possibility which emerged from the fragmentary evidence and testimony is that our ex-leaders, trusting something would come up, sent the IDF deep into Lebanon without knowing what exactly was to happen with the hundreds of thousands of Palestinians in that country, most of whom lived and still live in camps.

Maybe the question of the refugee camps, like so many other aspects of the 1982 operation, simply wasn't thought out in advance.

What is clear enough today is the legacy which Begin, Sharon and Eitan bequeathed to their cautious successors and to the successors of their successors. Galilee, for the moment, is peaceful. But the IDF is caught in a guerrilla war and the camps remain just over the border.

THE ORIGINAL APAI

To the Editor of The Jerusalem Post Sir, — The Association of Parents of American Israelis (Apai) which recently celebrated its 10th anniversary with a national convention in Jerusalem (your report, November 25) is actually not 10 years old but as old as the state itself — 36 years.

Way back in February 1948, a group of concerned parents from New York City, headed by my mother, Mrs. Samuel J. Borowsky, founded an organization by that name when Jerusalem was an armed camp on the brink of siege and already cut off from the rest of the country and the outside world — no mail, no cables, no international calls — for a period of three months. The "children" they were extending their support to were newly arrived American students at the Hebrew University, many of them American World War II army veterans.

The declared purpose of the organization — a far cry from today's aims — was to pressure the American State Department and the powers that be to find us students, "protect" our civic rights and, if possible, evacuate us from Jerusalem to safer shores.

What our parents did not understand was that there was no way to flush us out. Neither the American authorities nor wild horses could have dragged us away from our historic chance to be personally involved in the struggle of our people for survival and sovereignty. Almost all of us had joined the "illegal army" — the Hagana — and were actively fighting to defend Jerusalem. Unwittingly, our parents, motivated by concern, were generating publicity which was embarrassing and out of touch with the needs of the hour.

One never-to-be-forgotten event succeeded in giving the parents' organization more realistic goals — the pooling of information, consolidating each other and sending much appreciated food parcels — and that was the receipt of the first letter, scribbled on a scrap of paper and smuggled out of the besieged city. Miraculously, it reached Tel Aviv and made the devious journey to Europe and the U.S. in the breast pocket of an ex-American pilot who delivered it personally to my mother. The letter included a list of names of all my fellow Americans with the latest information on their whereabouts and well being. My mother promptly called the other mothers and the organization was in business.

After several months of intensive activity in that supportive role, the Parents Association petered out, but, for the record, it should not be forgotten.

ZIPPORAH PORATH
Savoyon.

ELECTRICITY METERS

To the Editor of The Jerusalem Post Sir, — In his letter of December 17, G.D. Balmister questions the reliability of electricity meters as a result of a statement made by the chairman of the Israel Electric Corporation northern district works committee. I believe there must be some misunderstanding involved in view of the following facts:

1. Meters in consumers' homes are reliable and accurate. Their dependability over the years has been proved beyond doubt.

2. Any customer who has doubts about his meter's accuracy can request a check. If he is right, he will not have to pay for the test.

3. Experience has shown that not

only are the meters generally accurate, but that most tests which are requested are unnecessary, as the meters are found to be in good working order.

4. The rise in living standards has brought about increased use of new electrical appliances in the home with a resultant increase in electricity consumption. For some reason, many people seem to forget that their new appliances use electricity and they tend to put the blame for higher bills on their meter, which is usually not the guilty party.

AVRI RAVIV, Spokesman,
Israel Electric Corporation
Haifa.

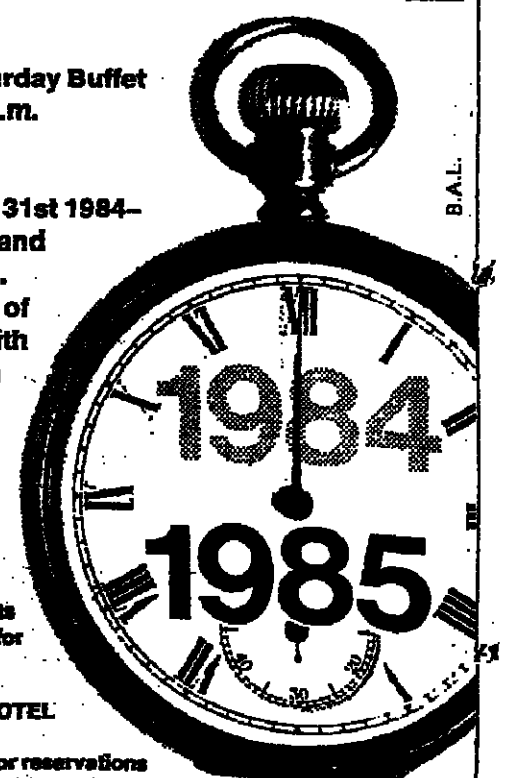
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WEEKLY REVIEW

Taking Aim

Congress Has Its Back Up Over Military Expenditures

By LESLIE H. GELS

AS the new Congress starts its work this week, the general expectation is for a showdown with the Administration on military spending and the budget deficit. The outcome could have powerful effects on the economy and arms control talks with the Soviet Union. It will also provide a measure of the current balance of power in American politics and a picture of how Americans see themselves, their hopes and fears.

As of now, the consensus is that it will be a showdown without clear winners and losers, reflecting the message political leaders believe they got from the electorate in November: Trim domestic programs but don't create social havoc; cut back on military spending but not by much, and don't raise taxes. They see less a mandate for tough leadership than a recipe for a version of the status quo, with more arms control agreement with the Soviet Union, a little less money for the Pentagon.

To Kenneth Duberstein, formerly Mr. Reagan's Assistant for Congressional Affairs, the "1984 election was the culmination of the Reagan slogan of '82 to stay the course. Congress will be playing on Reagan's turf, and whoever controls the turf controls the agenda and shapes the outcome." William Schneider of the American Enterprise Institute, a conservative research organization based in Washington, put it this way: "In 1980, the electorate voted for change, even radical change, and in 1984, it voted for continuity."

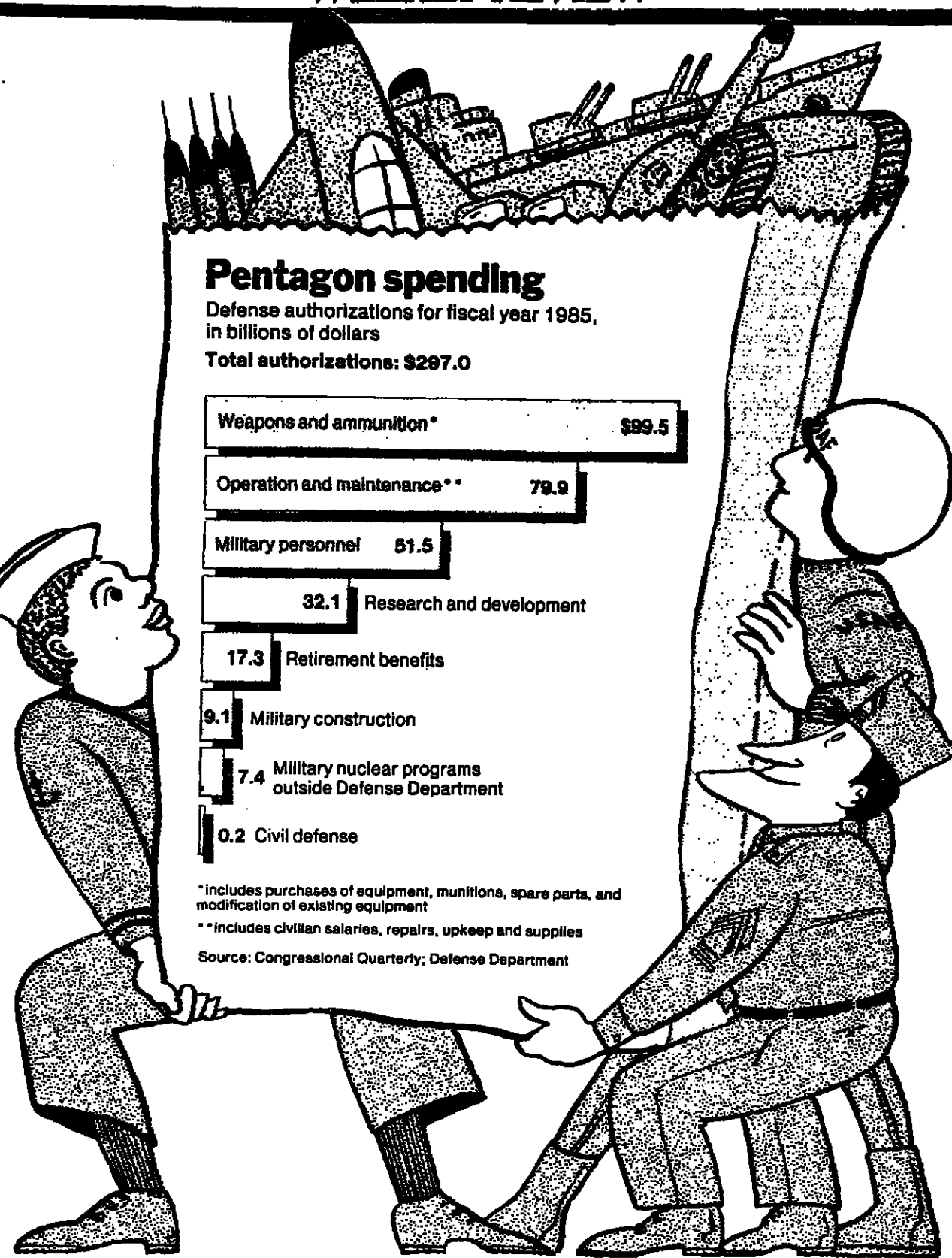
The Main Concern

The general economic picture is not particularly bad or particularly good. The general expectation is for growth of between 2.5 percent and 3.5 percent, with unemployment holding at about 7 percent and inflation at about 4 percent. The main concern is the Federal deficit. In November alone, it was reported last week, it ran \$28.46 billion; current forecasts are that in the fiscal year 1985 it will reach a record high of \$205 billion. In fiscal 1983—the previous high—the deficit was \$195.4 billion; last year, it was \$175.3 billion.

President Reagan pledged during the campaign to halve the deficit by fiscal year 1988. The key, according to his own economic advisers, was to frame a balanced package of domestic and defense reductions. Hence his budget advisers' proposal for \$160 billion in domestic cuts over the next three years, and for \$121 billion in cuts from the Pentagon for the same period. Instead, under pressure from Defense Secretary Caspar W. Weinberger, Mr. Reagan settled on cutting only \$29.6 billion from the Pentagon, a little over \$8 billion of it in fiscal 1985.

But, as Representative Dick Cheney, an influential Republican from Wyoming put it, "If we're not going to go flat out on defense, it's going to make it more difficult to get the domestic cuts we need." And this is where the uncertainties and contradictions begin.

A few Administration officials continue to argue that



big deficits are not all that bad, and point to the fact that after four years of them, inflation and interest rates have both come down. But most analysts in both parties agree that with the Government already borrowing more than \$1 for every \$5 it spends and foreigners financing half the new debt, fears of even greater deficits will provoke dangerous economic uncertainty.

So Congress will dig into the Pentagon budget. But by how much, to legitimize domestic cuts and satisfy foreign governments? And how much will be enough to compete with the Soviet Union?

A White House Quandary

Democratic aides on Capitol Hill say that they have some support from Republicans and will probably look for about \$25 billion from the Pentagon. The Administration has vowed to fight bitterly, and Mr. Weinberger is expected to warn about falling behind the Russians. This could put the White House in a quandary. Secretary of State George P. Shultz is on the record as having said that the balance between the United States and the Soviet Union has been restored and that the United States is already in a position to negotiate on arms control. The President has agreed with both views at different times.

Will Congress dare to eliminate the MX missile—as so staunch a former defender as Senator Barry Goldwater, the Arizona Republican, recently proposed—and re-

duce funds for Mr. Reagan's so-called Star Wars initiative? The Administration is already arguing hard that both are needed more than ever for bargaining chips in the Soviet-American arms control talks, which are scheduled to start in Geneva on Jan. 7. Historically, Congress has never denied Administrations such chips. And in terms of other programs, Congress will have a tough time finding programs to reduce or abandon entirely. So much has been locked into place by programs previously approved and money previously appropriated.

Four years ago, the threat from the Soviet Union loomed larger in the political rhetoric than the threat of deficits. Now sentiments have changed. Bob Dole, the new Senate majority leader, stated the prevailing Congressional view recently. Without greater restraint in military spending, he said, the President's budget will be "dead on arrival."

But it seems almost impossible in the next year or two to undo the priorities of the last four, given the public's contentment with its present lot and Mr. Reagan's strong penchant to retain his priorities. Senator Daniel P. Moynihan, Democrat of New York, is not alone in foreseeing "gridlock" in the clash between those who "feel better about their country's perceived growth in military strength" and those who have a "mounting level of despair about the budget deficit and the prospect of an economy in shambles."

Intermediate Strategies

How High Will Star Wars Fly?

By WAYNE BIDDLE

WASHINGTON
AT a secret session of the Senate Armed Services Committee earlier this year, Fred C. Ikle, the Under Secretary of Defense for Policy, made the kind of remark that last week brought a chorus of denials from the Reagan Administration.

"It stands to reason that as you move toward deployment of the full system," he said of President Reagan's so-called Star Wars proposal for a futuristic defensive shield against nuclear-tipped missiles, "there are some intermediate steps which have intermediate utility."

The statement Mr. Ikle subsequently submitted to the committee was slightly more specific. "It seems plausible that components of a multi-tiered defense could become deployed earlier than a complete system," he wrote. "Such intermediate versions of a ballistic missile defense, while unable to provide the protection available from a completed multi-tiered system, may nevertheless offer useful capabilities."

For students of his profession's turbid prose, Mr. Ikle seemed to be suggesting that the strategic defensive system, which might eventually use exotic laser battle stations in space to zap enemy missiles, could initially look a lot like the antiballistic missile (ABM) weapons of the early 1970's. The 1972 treaty that sharply restricts such systems is widely considered—especially in Europe—a most valuable relic of that decade's East-West détente.

However, last week the Administration reacted quickly to a report in The New York Times that the system might indeed turn out to be just another ABM array. "It's not going to protect missiles," the President said. "It's going to destroy missiles." Separately, Secretary of Defense Caspar W. Weinberger insisted that the system wouldn't be dealt away in the upcoming round of arms-control talks with the Soviet Union.

The task of piecing together just what Star Wars means has never been a simple one. Administration spokesmen haven't made the task any easier. One month after Mr. Ikle's testimony, Mr. Weinberger said in a television interview that "I've never been a proponent of the ABM treaty." Throughout the spring, moreover, Administration officials told Congress that the treaty might have to be "revised"—in other words, broken—to allow development of the system to proceed.

Taken together, these statements have helped make the issue of so-called interim deployment—specifically a defensive system for American ICBMs—as a stepping stone to a full-fledged population shield—one of the most touchy in the current debate.

A review of recent testimony by Administration officials shows far from perfect consistency on the matter, reflecting what some Reagan aides have already acknowledged: that the President's March 1983 speech calling for long-term development of an anti-missile shield took most of his technical advisers by surprise. On any day of the week, it seems, Star Wars can mean just about anything.

Given the denials that the system is designed to protect American missile fields, what then did Mr. Ikle mean by "components of a multi-tiered system" that might be deployed sooner than the totally hypothetical shield?

An April 1984 Defense Department pamphlet outlined three "strawman concepts" for knocking out enemy missiles along their path from launch pad to target. Only the last line of defense, which would attempt to destroy incoming warheads after they re-enter the Earth's atmosphere, is within reach of present technology. The other two, which would try to disable missiles soon after launch or strike warheads as they arc through space, require further development or quantum leaps in basic science and engineering. On the same day that Mr. Ikle testified, Richard DeLauer, the Pentagon's chief of research, told the Senate committee that a complete three-layer system is a "20- to 25-year proposition."

Under the heading "Near-Term Demonstrations and Deployments," the Pentagon booklet said that "between 1990 and 2000 the United States may decide to provide increasing protection for its allies and itself by deploying portions" of the complete system. Since the only technology that will be available during this period, by the Pentagon's own admission, is related to point-defense and not wide-area population defense, the specter of a return to the fierce ABM debates of the late-1960's has made the Reagan Administration exceedingly sensitive on the matter of interim deployments.

In a study prepared for Congress's Office of Technology Assessment last spring, ABM expert Ashton B. Carter described a "terminal" or point-defense system within reach of current technology. Each site would consist of a large radar and numerous non-nuclear interceptor missiles. As indicated in the Pentagon pamphlet, the ground radar would be helped by airplanes carrying infrared sensors to locate the heat of incoming warheads. Mr. Carter noted that a single interceptor site would cover an area only 30 miles in radius—good for protecting ICBM silos but useless for population defense.

Washington's European allies have never strongly supported the setting up of point-defense ABM systems on American soil, under the belief that such systems would inevitably lead Washington to back away from its military commitments to Europe. Consequently, it should be no surprise to hear at most lukewarm support of Star Wars coming from normally staunch Reagan supporters across the Atlantic such as Prime Minister Margaret Thatcher, who met with the President at Camp David a few days before Christmas. The Administration has been careful in its public utterances to extend the defensive system's umbrella over Europe, but this has not prevented Mrs. Thatcher and other leaders from stopping short of endorsing such deployments, even while they publicly support research for such a system.

Major News

In Summary

Rajiv Gandhi Wins a Landslide Victory in India

Sixty-five years ago, a rich and aristocratic Indian lawyer named Motilal Nehru renounced the grandeur of his Western-style life to join Mohandas K. Gandhi in the leadership of the struggle for independence. In the subsequent years, he gave to the nation not only his devotion, including terms in British colonial jails, but also his family—his son, Jawaharlal, became the first Prime Minister of independent India and then his granddaughter, Indira Gandhi, held the job for most of the last two decades.

Last week, the fourth generation came into its own, as Rajiv Gandhi, India's 40-year-old son, was swept back into office in a landslide parliamentary election victory that gives him a five-year term and a solid mandate to govern.

Mr. Gandhi, a former airline pilot with only three years of political experience, was sworn in as Prime Minister last October 31, only hours after his mother was assassinated, allegedly by Sikh members of her own security guard, in the garden of her New Delhi home. But since her term had been about to expire, an election by next month would have been necessary even if she were still alive.

As is always the case when India goes to the polls, this was the largest exercise of democracy in history. From the tropical fishing villages to the Himalayan outposts, nearly 390 million Indians were eligible to vote in contests for the Lok Sabha, the lower house of the Parliament. In campaign violence, several dozen people were killed and scores injured, but the voting itself was generally peaceful.

The decisive victory of Prime Minister Gandhi's Congress-I Party, which virtually wiped out the opposition in some areas, moves India into a new and uncertain phase, both in its foreign relations and domestically. Rajiv Gandhi, whose wife is Italian-born (though now a naturalized Indian citizen), has sometimes seemed more Western in his outlook and less pro-Soviet and anti-American than his mother. He has, however, promised strict nonalignment, as Indian leaders always have.

Closer to home, some Pakistanis are hopeful that he will bring new flexibility and good will to the long-troubled relationship between those two neighbors. India, the dominant power in the region, has also had strained relations with Sri Lanka and Bangladesh, its other principal neighbors.

But much will depend upon the young, untested Prime Minister, who entered politics only reluctantly after the accidental death of his much more ambitious

Kremlin's old guard hangs on in military shift

4

brother, Sanjay, and upon his ability to cope with India's ancient problems of caste division, religious and regional rivalry and poverty. With a stronger hand politically, he may be able to succeed where his predecessors have failed.

One of the Prime Minister's most pressing problems is what to do about the Sikh separatists in the agriculturally rich state of Punjab, on the Pakistani border. The state, into which Indira Gandhi sent troops in a bloody confrontation last June, has been so torn by violence and tension this year that voting there was deferred. Another trouble spot is Assam, in the east, where voting was also deferred because of instability. And separatist and caste violence threatens several other regions of the huge land as well. As the Prime Minister's mother used to say, simply holding India together is an enormous task.

Vietnamese Attack Cambodian Camps

Six years after invading Cambodia and establishing a friendly Government in Phnom Penh, Vietnamese forces seemed intent last week on delivering a knockout blow against rebel forces holding out in camps along the border with Thailand.

The large number of civilians killed and injured by artillery and tank guns led Washington to describe the attacks as "contemptible." Bangkok, which has to deal with thousands of Cambodian refugees, called the Vietnamese onslaught "cruel, savage and brutal." Whatever hopes there were for a settlement of the civil war seemed more distant than ever.

Vietnam seemed anxious to wipe out the rebel bastions before the dry season ends and the spring monsoon rains prevent large-scale movements of tanks and trucks. Four camps where rebel forces are mixed with civilians were attacked. From the largest camp at Rithisen more than 60,000 civilians fled into Thailand, while Vietnamese tanks sought to beat back rebel counterattacks and Thai officers nervously watched for signs of a spillover of the fighting. Thai military sources reported that the rebels had recaptured



part of the Rithisen camp.

Three rebel groups have coalesced in an effort to defeat some 180,000 Vietnamese troops and the Government of Heng Samrin, whom they installed in Phnom Penh in January 1979. Two groups are non-Communist and are supported by the West. The third is the Chinese-backed Khmer Rouge, which governed with particular ferocity until the Vietnamese invaded in December 1978.

The United States and neighboring Asian countries have been trying to promote peace through the withdrawal of Vietnamese forces and self-determination by the Cambodian people.

But last week, Representative Stephen J. Solarz, the Brooklyn Democrat who heads a House subcommittee on Asia, said after a visit to Vietnam, Laos and Cambodia that Vietnam still showed no willingness for talks to end the war. One reason Vietnam might have to seek a settlement is its troubled economy, which needs large doses of foreign aid.

The Nation

Two-Tier Pact For Postal Service Workers

Under the Postal Service's new contract, mail carriers will still be delivering in rain, sleet and all other kinds of inclement weather. But for a while anyway, some of them will be doing it for less than others.

According to terms laid down last week by a Federal arbitration panel, current workers will get a 2.7 percent increase a year for three years, plus a cost-of-living increase based on 60 percent of inflation. Newly hired ones will come on the job for 25 percent less than the \$19,562 starting pay the old contract provided, and then gradually catch up. Parity will be reached in two and a half years.

The five-member arbitration team, led by Clark Kerr, the former university president, began its work after negotiations between the Postal Service and its two largest

don't have a threat of a recession. But it is also saying there is no evidence that the economy will spring back to life with a big boom.

Recessionary fears had been prompted by, among other things, the leading indicators' performance as the boom of last year and the first half of this fizzled. Before November, in three of the previous five months, the index had fallen. That had not happened since 1981, which was a recession year. Hence the celebration of the index's November rise. But even more than most indicators, the index is a useful measure of economic direction only taken in batches. Three months are generally considered trend-setting. Hence the caution.

There was little room for ambiguity in the report that the trade deficit rose to \$9.9 billion in November, up 7.6 percent from October's \$9.2 billion. For the first 11 months of the year, the excess of imports over exports has reached \$115.5 billion, assuring that for all of 1984, the deficit will be nearly double last year's record shortfall of \$69.3 billion.

Holiday Bombs In Pensacola

On June 25, the Ladies Center — a Pensacola, Fla., medical clinic whose services include abortions — became one of the mounting number of such facilities to be attacked by bombers or arsonists. Last week, not long before dawn on Christmas Day, the center was bombed again; explosions tore through its brand-new quarters as well as two nearby doctors' offices.

Because the blasts came within a span of 22 minutes, authorities speculated that the explosives might have been planted by one person. At week's end, Pensacola police said they had no suspects, and their investigation had been joined by agents of the Federal Bureau of Alcohol, Tobacco and Firearms and the Florida fire marshal's office.

No one was reported injured in the explosions, which damaged the Ladies Center and one of the other targets. A fire that followed the blast gutted the office of Dr. William D. Permenter, an obstetrician and gynecologist. "Most people don't like abortions; I don't," said Dr. Permenter, who added that he performs them "because the need exists for the patients."

The three offices have been picked frequently by opponents of abortion. "I don't approve of what has been done," said John Burt, director of Our Father's House, a home for unwed mothers and a local anti-abortion leader. "But I'm glad the killing has been stopped and nobody was hurt." According to a Federal Bureau of Investigation tally, last week's bombings brought to at least 23 the number of bomb or arson attacks this year on places where abortions are performed. Earlier in the month, F.B.I. Director William Webster said his agency wouldn't actively investigate the attacks because they weren't considered the coordinated work of organized terrorists, on Friday, a bureau spokesman said the F.B.I. would remain on the sidelines.

A Year of Failure For Many Banks

The bankers of the land aren't likely to recall 1984 as a good year. According to a tabulation released last week, 79 banks failed this year, many of them Sun Belt institutions that made bad bets on farm and real estate loans. It was the largest number of bank failures since 1938, when 81 institutions went under.

Still, authorities generally agreed, things could have been much worse. For one thing, a number of financially strapped developing countries that had been expected to default renegotiated their loans and were thus able to stretch out their payments. For another, the year-end failure total was nothing near the 4,000 or so banks that shut their doors for good in 1933, when there was no comprehensive system of Federal insurance to protect depositors.

Further, of the banks that failed in 1984, most were relatively small, with deposits totaling \$2.9 billion, well below the \$5.4 billion held by failed banks in 1983 and the \$9.9 billion of the previous year. And when two giants of the business — Continental Illinois National Bank and Trust Company of Chicago — had difficulties with shaky loans to energy companies, the Federal Deposit Insurance Corporation and the Federal Reserve System stepped in with a rescue infusion of money.

Some saw a silver lining in the statistics. "We're pretty close to full health," said Ronald I. Mandel, first vice president of Paine Webber Incorporated. Nonetheless, a few disturbing signs remained. At year's end, the F.D.I.C.'s watch-list of so-called problem institutions had grown to a record 817, and it included a few big banks.

Caroline Rand Herron,
Michael Wright
and Carlyle C. Douglas

Small, Regional Groups Often Have More Clout Than National Ones



The Acre-by-Acre Effort To Save the Environment

By PHILIP SHABECOFF

CORVALLIS, Ore. — When the National Forest Service tried to push a logging road into the center of one of the biggest remaining stands of virgin forest in Oregon's Cascade Mountains, members of the Cathedral Forest Action Group draped themselves over the waiting boxes of dynamite and threw themselves in front of the oncoming trucks.

Forty-eight of the demonstrators were jailed. But the group, which calls the old forest a "cathedral" because its members believe the huge, centuries old trees and the wildlife that live among them have a spiritual value, had made their point. Their protest became a cause célèbre in the Northwest. "People around here now want the old-growth trees," said Cecelia Ostrow, one of the group's activists. "Before we got going," she said, "people weren't that interested."

The Oregon Natural Resources Council also wants to save the old-growth Douglas fir and Western hemlock forests of the Cascades and Coastal Range. Its director, Jim Monteith, who said he was a registered Republican, noted that his group uses lobbying, court action, economic analysis and negotiations with the Forest Service to pursue its goals. "There is a new conservation ethic growing here because people are starting to

realize that economic diversification is the name of the game and that tourism and fishing will be more important than timber to the economy of the Northwest," Mr. Monteith said.

These groups, notably different in their methods but seeking the same goals, are two of a multiplying number of grass-roots conservation and environmental organizations. They differ from the big national environmental groups, such as the Sierra Club, the National Wildlife Federation, the National Audubon Society and the Natural Resources Defense Council, in that they were formed to respond to specific local needs. But the smaller groups are influencing policy making.

No exact count of these local or statewide groups is available. But it is estimated that there are many hundreds of them, and that the tally is growing almost daily, as intensifying competition over the dwindling resources of public lands and over the use of the land itself brought citizens together to join forces against powerful interests.

Many groups, like the two in Oregon, were formed to protect land — forests, prairies, deserts, rivers, parks and seashores — and the wildlife that lives on it from logging, mining, drilling, grazing, draining and other developmental activity such as residential subdivision.

A growing practice is the formation of land trusts, which raise money, sometimes from

small contributions, to buy land or pay money to protect it. The Jackson Hole Land Trust in Wyoming, for instance, has bought conservation easements to over 2,000 acres just outside of Grand Teton National Park. In Appalachia, people came together to form a group called Save Our Cumberland Mountains, which is forcing the Interior Department to impose penalties on coal companies that violated the strip mining laws.

The discovery, starting with Love Canal, that toxic waste dumps can be a serious threat to public health — and to the value of nearby real estate — as well as the disclosure of how many such sites have grown, spurred the formation of dozens of organizations in the vicinity of such sites. They include Save Our Children's Environment, formed in Waterbury, Conn. to push the cleanup of a hazardous waste disposal site in the middle of the city. Then there is the coalition of communities in the Rio Grande Valley, which successfully protested the incineration of poison chemicals by a ship in the Gulf of Mexico.

Encouraging Participation

Finally, Congress crafted many of the environmental laws enacted over the past 15 years to encourage public participation in the policy making process. Under these laws, the Environmental Protection Agency, the Interior Department, the Forest Service and other Federal agencies whose actions affect the environment must solicit comment from the public before imposing regulations or reaching decisions about the uses of public lands or rules to control pollution. Comment by local groups, as well as by doctors and scientists, played a role in the decision by the Environmental Protection Agency to speed up its elimination of lead from gasoline.

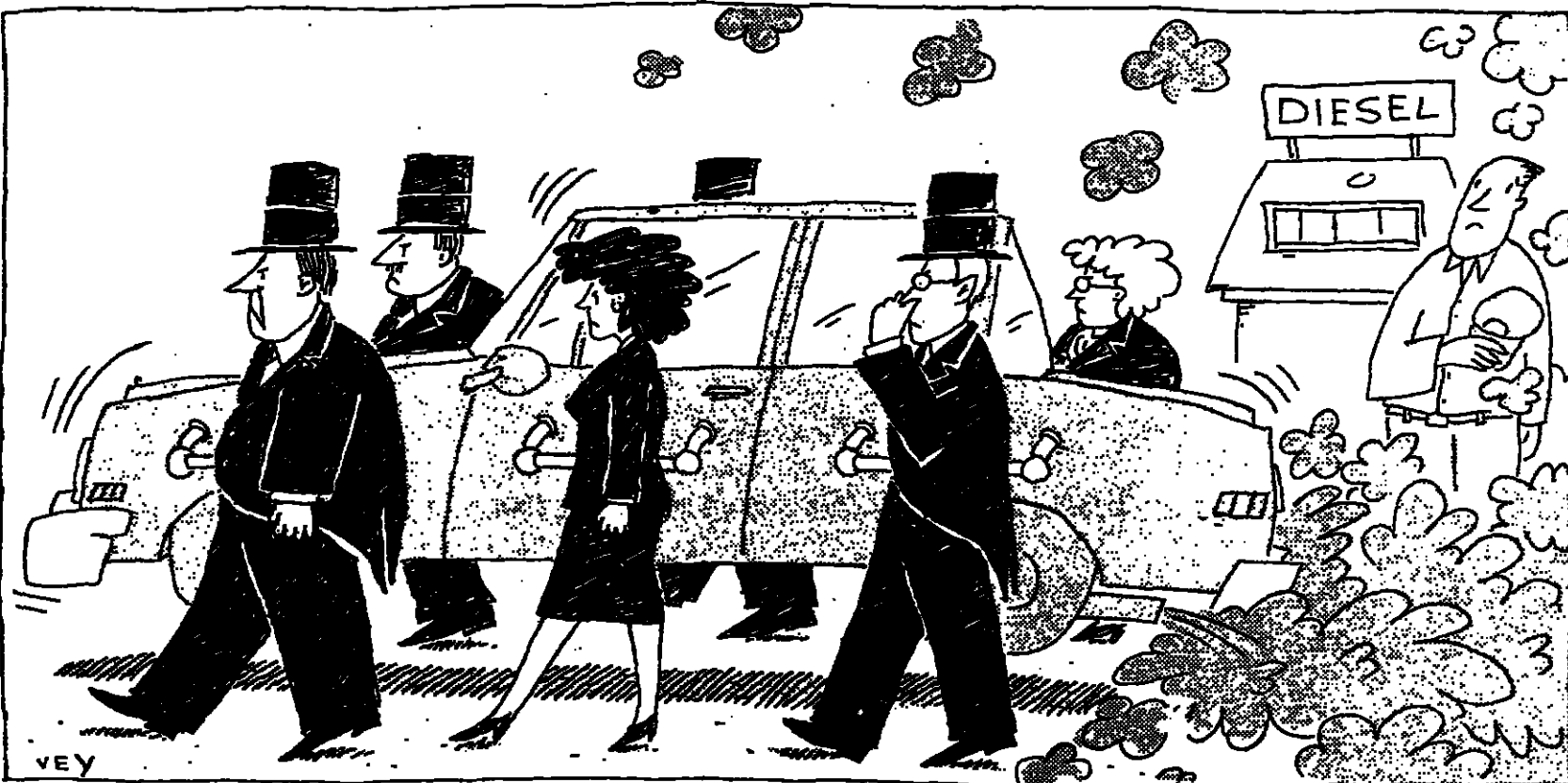
A common factor in the stories of such grass-roots organizations was local citizens' feeling that the national, state or local governments were not paying adequate attention to their needs. Nor, they believed, were the national environmental organizations, groups that are often staffed by and draw much of their support from members of the middle class.

The national organizations, such as the Sierra Club, say that while their staffs may all be well-educated professionals, their work helps all Americans, particularly poor people and minorities who do not have the power to fight against environmental hazards that affect them directly.

Robin Alexander, who led the fight to stop the E.P.A. from giving Waste Management Inc. permission to dispose of toxic chemicals on the incinerator ship Vulcanus in the Gulf of Mexico, noted recently that people in the small Rio Grande Valley communities who believed that they were threatened directly were largely working-class Hispanic-Americans.

"Because people live in poor communities doesn't mean they don't care and won't stand up for themselves," she said. "They care particularly about health and safety because it affects their children as well as themselves. There is tremendous potential for uniting people around the health and safety issue." She also noted that people with an economic stake in a clean environment, including the Gulf shrimpers and fisherman, also were enlisted in the fight.

Automakers Find That the Oil Burners Don't Sell



Diesels Seem to Have Run Out of Steam

By JOHN HOLUSHA

DETROIT — They are smoky, smelly, noisy and often hard to start. Yet for a time, while lines at gasoline stations were long and patience short, Americans grew fond of automobiles powered by diesel engines.

Right after the second oil supply scare in 1979, car buyers happily paid premiums of \$1,000 or more for the oil burners and waited months for delivery. Diesel fuel was cheaper than gasoline and the engines got about 20 percent better mileage. An additional incentive was the reputation for rock-solid reliability built up by the few imported diesel cars and domestic diesel trucks. In 1981, the peak year, the American automakers sold close to half a million passenger diesels.

The romance was short-lived. Some of General Motors' early diesels, adapted from gasoline engines, suffered from mechanical and maintenance problems that quickly destroyed the diesel's longevity image. Meanwhile, gasoline became not only freely available again, but cheaper than diesel fuel. Last week, Ward's Automotive Reports, an industry newsletter, reported that diesel sales for 1984 would total not much over 150,000.

As diesel sales have declined, car companies pulled back from ambitious plans to develop diesel-powered models. Once set to buy diesel engines from its French affiliate Peugeot, the Chrysler Corporation makes only gasoline-powered cars. Ford Motor Company offers a German BMW diesel engine option on its larger cars and one from Mazda on its smallest models, but acknowledges that only about 1 percent of the buyers of those models are choosing diesels.

Recently, G.M. dealt a deathblow to American-made car diesels, saying the V-8 and V-6 diesels it makes for larger cars will be discontinued after

1985. Although the company used the occasion to criticize emissions regulations, most people in the industry agree that it was the declining price of gasoline, along with the diesel's less agreeable traits and quality problems, that were the real cause of the engine's demise.

Diesel engines, of course, continue to be widely used in trucks and industrial and agricultural equipment. They differ from those powered by gasoline in one major characteristic. Instead of having a spark plug in each cylinder to ignite an air-fuel mixture, diesels use the heat induced by high compression. And that, the source of the engine's higher efficiency, is made possible by the fact that diesel fuel, like home heating oil, is much less volatile than gasoline.

Gas-Line Favorites

But as far as the general driving public is concerned, with gasoline relatively cheap and abundant, diesel fuel appears about to join numerous other "alternative fuels," whose prospects flourished briefly after the 1979 crisis and then faded away. Like electric cars — another faddish favorite of the gas-line era — they are the victims of unfavorable economics and a public that sees no reason to change its motoring habits.

Cars can be made to run on a broad variety of combustible products. G.M. has demonstrated a turbine-engined automobile fueled by powdered coal dust. During the gasoline scare, gasoline-alcohol mixtures, pure ethyl and methyl alcohol, compressed and liquefied gases were all tested. Ford even built a fleet of 800 methyl alcohol-powered versions of its Escort subcompact for use in California by the state government. It also built pickup trucks fueled by compressed natural gas for companies in the gas industry.

The vehicles worked well enough, but the experiments died. According to auto executives, it is a chicken and egg problem. Without assured

demand, suppliers are reluctant to start mass production. Without assurances of supply, consumers are not likely to buy cars fueled by anything but gasoline. It was only the wide availability of diesel fuel for trucks that made diesel-powered cars practical, they say.

As Donald E. Petersen, the president of Ford, put it earlier this year: "Free market forces alone will not bring a new fuel onstream. Launching a replacement transportation fuel will not take place without well coordinated Government action."

Auto executives note that in Europe, where motor fuels are heavily taxed to discourage consumption, the proportion of diesel-powered cars is increasing. In Italy, where gasoline is well over \$2.00 a gallon, just about every fifth auto sold has a diesel engine. Even in more prosperous West Germany, over 10 percent of car sales have diesel engines.

American auto company officials say that gains the industry has made in improving the fuel economy of gasoline-powered cars has made it easier for drivers to ignore alternatives. But twice burned by unexpected cutoffs of Middle East oil, Detroit's auto moguls say they are acutely aware of how vulnerable the industry is to interruptions in fuel supply. "Energy, or more specifically, the price and supply of oil must remain a prime consideration in all our thinking," said Philip Caldwell, the chairman of Ford, to the company's top executives at a recent conference.

So Ford is keeping its imported diesels in its lineup, despite a corporate effort to eliminate options with a low installation rate. G.M. offers a Isuzu-made diesel in its Chevette, and the American Motors Corporation has a turbocharged diesel made by Renault available for its Jeep Cherokee four-wheel drive vehicle. "It makes me feel less vulnerable," says Jose Dedeurwaerder, the Belgian-born president of A.M.C.

The World

OPEC Makes Another Stab At Unity

Without discipline a cartel is nothing. So the 13 members of the Organization of Petroleum Exporting Countries seemed to say last week when they agreed to form a special panel that would monitor compliance with the oil cartel's efforts to limit production and maintain price levels in a world glutted by oil.

Nigeria, the last holdout, responded to intense pressure at OPEC's last-ditch meeting in Geneva and accepted the monitoring scheme "without reservation," according to Subroto, Indonesia's oil minister. With each member jealous of its sovereignty, there remained the problem of what powers the panel would have to stamp out the cheating that has threatened to wreck OPEC and start a price war among its members. Whether the panel would simply "expose" such cheating after auditing the books of its members or be able to impose sanctions remained to be worked out as did price differentials for heavy and light crude. A proposal for a central agency to sell members' oil on spot markets, where prices have been falling, was apparently dropped.

OPEC has agreed in principle to a maximum production of 18 million barrels a day and a base price of \$29 for Arabian light crude. But a decision by Britain and Norway, which are not OPEC members, to drop the price of North Sea oil has helped to spark dissimilarity among the members, notably Nigeria, which up to last

week at least, refused to respect its allotted production quota and dropped prices in a desperate effort to raise money to pay its debts and import bills. The cartel also has to contend with the attitude of Iran and Iraq, which have been warring on each other for four years and have been resorting to other means to limit each other's oil exports. Last week, the war in the Persian Gulf flared up again with bombing attacks by Iran on Spanish and Indian supertankers in retaliation for seven Iraqi attacks the previous week on tankers heading toward Iranian ports for loading. Sixty-five ships have been attacked by Iranian and Iraqi planes in the gulf this year.

Israelis Get Aid cum Advice

No country likes to be told by outsiders how to manage its affairs. But if the lecturing in economics that Israel received from Washington last week was unwelcome, it was also hard to avoid given the level of Israeli dependence on American financial aid.

The lecturer was Secretary of State George P. Shultz, who urged Prime Minister Shimon Peres in a letter to take urgent austerity measures. In reply, the Minister of Economic Planning, Gad Yaakobi, said, "Israel does not need moral preaching." But with the inflation rate having climbed to 800 percent, many Israeli economists agreed with Mr. Shultz that the country needed to make further reductions in public spending and grant the Bank of Israel more independent control over

the money supply.

Mr. Shultz's letter was presumably prompted by Israel's requests for increases in aid. Washington has granted it \$2.6 billion through the fiscal year ending next September but a request for an additional \$800 million has been turned down. For fiscal 1986, Israel is asking for \$4.1 billion and Washington's final attitude is expected to depend on the degree of Israeli self-help. But more austerity, including the elimination of subsidies to unprofitable companies, contains political risks. For one thing, Israel is unusually sensitive about the unemployment rate because of its relation to the population level. High unemployment discourages immigration and sends Israelis abroad. Concern about jobs helps to explain why the Government agreed last week to subsidize for another year one of the country's biggest textile firms. The Ata company, which employs 2,600 workers, would have failed without the injection of \$9 million, but the newspaper Haaretz saw proof that the Government "lacks the courage to handle the difficulties of curing the economy."

Israel was also reported last week to be under pressure to accept a new Voice of America transmitter to be used for broadcasts to Soviet Central Asia. Jerusalem was reported to have accepted in principle but not yet to have signed an agreement, as five other countries have. While it does not have diplomatic relations with Moscow, it has tried to avoid antagonizing the Russians so as not to give them another reason to prevent Soviet Jews from emigrating to Israel. Left-wing Members of Parliament urged that Israel reject involvement in a superpower propaganda war that might expose Soviet Jews to reprisals.

A Murder Trial In Poland

In the Soviet bloc, it is the enemies of the Communist system who are the most common judicial targets. It was that way in Poland too, until last week, when four defendants of the system went on trial for the murder of one of its most outspoken critics. The killing in October of the Rev. Jerzy Popieluszko, a champion of the



Col. Adam Pietruszka (standing) and Lieut. Leszek Pekala on trial last week for the murder of the Rev. Jerzy Popieluszko.

outlawed free trade union Solidarity, outraged most Poles and brought a swift though embarrassed reaction from the Government, which feared a plot by hard-liners in the security bureaucracy against its authority. The indictment read in a courtroom in Torun accused Col. Adam Pietruszka of the Interior Ministry's security police of ordering three subordinates to kidnap and kill the Roman Catholic priest. Two police lieutenants, Leszek Pekala and Waldemar Chmielewski, said they had been told by Capt. Grzegorz Piotrowski that he had orders "from a very high level" and carrying them out would ad-

vance their careers. It is believed to be the first time that a Communist country has publicly prosecuted members of the security police for the slaying of a dissident. What is more, the investigation and judicial action have been carried out with unusual speed. Father Popieluszko, who had attracted much attention for his sermons in favor of Solidarity, vanished Oct. 19. His body was found bound and gagged in a reservoir 11 days later. Lieutenant Pekala described how the priest begged for his life before being beaten unconscious. Colonel Pietruszka has denied in-

stigating the murder but his co-defendants have admitted to the crime, although they insisted that when they kidnapped the priest, they had not intended to kill him, only to frighten him into abandoning his political work. For the Government, the trial is a way of re-establishing both its authority and its credibility with ordinary Poles. The accused face a minimum of eight years in prison. Because Polish law does not distinguish between premeditated and unpremeditated murder, they could also be sentenced to death.

Another Blow For Unesco

When the United States announced it was quitting the United Nations Educational, Scientific and Cultural Organization and Britain and West Germany made similar threats, the moves were seen by some as examples of Western pique at third world domination of the agency. But last week, a developing nation, Singapore, announced it too would leave because it had other priorities.

The relatively prosperous Southeast Asian state is not a typical member of the third world community, which has looked to Unesco for help in solving problems like illiteracy and low technology. Financially, the departure of Singapore at the end of 1985 will mean little. It contributed only \$98,747 to Unesco's \$374.4 million budget this year, compared with about \$95 million — 25 percent — given by the United States. What may hurt the most was the stated reason for leaving. David Marshall, Singapore's ambassador to France and Unesco, made it clear that for at least one third world country Unesco had little relevancy. "We didn't find that participation was of immediate interest to us," he said.

The United States, with backing from the British and the West Germans, has charged bad management by Unesco's overloaded bureaucracy in Paris, a bias against the West and efforts by the third world, with encouragement from the Soviet Union, to restrict the work of journalists and the flow of information.

Henry Ginzler and Milt Freudenheim

Arguments Over Trade Sour U.S. Relations with Common Market Countries

It's Far From Quiet on the European Front

By PAUL LEWIS

PARIS — On both sides of the Atlantic, the year is ending with foreboding of stormy trade relations in 1985 between the United States and the European Economic Community.

Earlier this month, former French Finance Minister Jacques Delors, who takes over as head of the Common Market Commission in January, described the state of trans-Atlantic relations as "abysmal," saying Europe is the victim of an "increasingly aggressive and ideological" American Administration that carries "a bible in one hand and a revolver in the other."

In Brussels the next day, Secretary of State George P. Shultz and Chief Trade Negotiator, William E. Brock, got nowhere in talks on outstanding trade disputes. "It's going to be very tough," Mr. Brock said.

The economic quarrels between the United States and Europe are numerous. Despite its emphasis on free trade, the Reagan Administration has just closed off what little free access European steelmakers still had to the American market, banning steel pipe imports. Last year it restricted European specialty steel imports and

the year before imports of bulk steel. Next month, Europe is expected to retaliate with new restrictions on American exports and barriers on industrial trade will consequently inch higher on both sides of the Atlantic.

Now the Reagan Administration has put European nations on notice that it plans a frontal assault on their agricultural subsidies next year. A few days ago, Secretary of Agriculture John R. Block told European leaders that the Administration's plans to start phasing out subsidies for American farmers in 1985 meant that Europe would have to do the same to keep competition fair.

Meanwhile, unresolved quarrels bubble on over subsidized European trade credits; American import restrictions on European wine; taxation of foreign companies in the United States; airline deregulation and the Reagan Administration's efforts to control high technology exports.

Trans-Atlantic trade quarrels are not new. But this year's upsurge of friction between the United States and Western Europe seems particularly serious to officials and economists because it marks a further retreat from free trade among the Western nations and indicates a strengthening of protectionist forces.

Many economists find in this growth of protectionism

another unwelcome parallel between the world today and the world in 1929, just before the Great Depression.

Since Western economic growth rates slowed after the first oil price shock in 1973, governments everywhere have stuck by the letter of their promises to cut tariffs, while compensating with new bureaucratic restrictions on trade to protect jobs from foreign competition.

Now Western economies are slowing again, making further protectionist pressures likely. The result, it is feared, will be to make it harder for Europe and the United States to compromise.

Reminders of the 1930's

Growth in the United States is expected to slip back to 3 percent or 4 percent next year from this year's hectic 8 percent and unemployment is likely to stop falling. In Europe, where the recovery brought no new jobs at all, it is predicted that unemployment will edge on up beyond 11 percent in 1985.

Ever since the Great Depression of the 1930's, pessimists have been predicting an encore. In a recent study of those years, subtitled "the lessons for the 1980's" Christian Saint Etienne, a French economist at the OECD, contends that the downturn was basically a normal cyclical

decline that got out of hand because of growing protectionism, an international debt crisis and a drastic contraction of the world money supply. Mr. Saint Etienne points to "obvious" similarities with today. But there are also important differences.

Today's growth of protectionism is more gradual than the brutal Smoot-Hawley Tariff Act of 1929, which raised American tariffs 50 percent and is widely blamed for starting the world decline. But the huge expansion of world trade since then also means the world economy is more vulnerable to trade restrictions now.

An international debt crisis also threatens to deepen any economic slowdown now as then. In the 1930's dwindling export markets forced Germany, Austria and Hungary to default on their World War I debts, sending a wave of panic through the international financial system. Slowing world growth will make it harder for Latin America to keep up its debt repayments next year. Along with Japan, Spain and South Korea, Mexico and Brazil, two of the biggest debtors, agreed earlier this month to cut their steel shipments to the United States, consequently reducing their ability to repay their debts.

The big difference with the 1930's, however, is that the Federal Reserve shows no sign of allowing the United States' money supply to contract by 25 percent as it did between 1929 and 1933, aggravating the squeeze on the world economy. For many economists it is this fact, together with the growth of international economic cooperation, that rules out a repeat of the 1930's.

Reagan and Nakasone Will Meet Again This Week

Japan Searches for Ways To Square Its U.S. Accounts

By CLYDE HABERMAN

TOKYO — Only a few months ago, officials from the United States and Japan marvelled at how well they were getting along under the leadership of President Reagan and Prime Minister Yasuhiro Nakasone. In recent weeks, however, they have begun to talk about how relations between the two countries are, in fact, blemished by economic mistrust.

For most of 1984, the American and Japanese Governments simply set aside public differences and emphasized their common views while both Mr. Reagan and Mr. Nakasone concentrated on getting re-elected. Now that they have won second terms, natural rivalries are being allowed to resurface, and, predictably, the main cause of contention is a trade imbalance that shows no sign of letting up. The Americans once more are expressing frustration over a trade deficit with Japan that at \$19 billion was bad enough for them in 1983, and threatens to wind up this year near \$35 billion. Once again, the Japanese worry that they are vulnerable to United States pressure and wonder how they might placate their number one ally without giving away too much.

Almost inevitably, trade frictions will be discussed this Wednesday in Los Angeles when President Reagan and Prime Minister Nakasone meet for the third time in the last two years. Some American businessmen and officials want Mr. Reagan to get tough. This translates, for some, into a demand that the Japanese start importing foreign goods and services as assiduously as they have been flooding the world with exports; specific targets for manufactured goods to Japan have been suggested. In answers last week to written questions from the Japanese newspaper Yomiuri Shimbun, the President warned that "the sheer size of the deficit has generated growing protectionist in this country." He urged Japan to move quickly to widen foreign access to its markets.

Last week, in an interview with American news reporters in Tokyo, Mr. Nakasone insisted that Japan already had tried to increase imports and would strive harder in the future. But how it would do that was left vague, and the Prime Minister ruled out fixed targets as

being "not realistic and not advisable."

Japanese officials seemed confident that if the Reagan Administration did get tough, it would not do so in public at the Los Angeles meetings, which include a talk with Secretary of State George P. Shultz before Mr. Nakasone returns to Japan by way of Hawaii. The hope here was that the two leaders would play down differences and emphasize their points of agreement, which are considerable. The two men share pro-defense, anti-Communist and slim-the-government views. Mr. Nakasone said last week that he would urge the relationship be formalized in some sort of a "Pacific basin" partnership, although for now the notion seems little more than a slogan.

Beyond personal friendship, the two countries basically get along well. From the Reagan Administration's vantage, Japan has edged commendably, if extremely hesitantly, toward playing a larger global role — trying, for example, to encourage peace moves in the Iran-Iraq war. Even before Mr. Nakasone took office in late 1982, Japan had overcome longstanding reluctance and begun to take part in regular joint military exercises with American forces. The Prime Minister has reaffirmed that his Government will try to ease the pressure on the United States Pacific fleet by giving Japan the capability of defending sea lanes for up to 1,000 nautical miles from its shores.

Fellowship Not Enough

In turn, the Reagan Administration's attention has turned lately to the quality of Japanese defense efforts, not the quantity. Washington is not expected to complain because Mr. Nakasone, in preparing a \$12.6 billion military budget for 1985, decided to be cautious. The defense appropriation drafted this weekend is up 5 percent, allowing for inflation, from the 1984 budget and comes within a whisker of a politically sensitive barrier that limits spending to less than 1 percent of the gross national product. In fact, it comes to within three one-thousandths of a percentage point of the limit.

Despite the general air of fellowship, the trade imbalance looms larger than ever and officials on both sides fear that it could undermine mutual trust. Lionel Olmer,



Prime Minister Yasuhiro Nakasone reviewing Japanese military forces in Asaka, Japan, in October.

the Undersecretary of Commerce for International Trade, warned this month in Tokyo that protectionist sentiment in the United States remained strong and that many Americans saw the trade relationship with Japan as growing worse.

Japanese officials, in turn, say the blame lies mainly with huge American budget deficits and high interest rates that make foreign imports more attractive to United States consumers. Privately, some complain that, no matter what Japan agrees to, the Americans seem always to have one more trade demand. Perhaps, they say, American businesses ought to try selling their products and financial services as adroitly as the Japanese do. Nevertheless, few here doubt that, if the United States chooses to push really hard, Japan will agree in principle

to open its domestic markets still wider.

Some experts caution that perhaps too much has been made of the ability of the Reagan-Nakasone friendship to solve problems. For any Japanese Prime Minister, the need to shape broad consensus remains, and Mr. Nakasone, two months into his second term, has not looked commanding. His new term came only after a bruising political fight that left him weakened within the ruling Liberal Democratic Party. Most conspicuously, despite growing demands in the party to scrap the ceiling on defense spending and despite his own pro-military stance, Mr. Nakasone considered it safer to wait, signaling that he would rather be pushed across the 1 percent threshold by his fellow politicians instead of leading them there himself.

73-Year-Old Sokolov Succeeded 76-Year-Old Ustinov As Defense Minister Last Week

The Kremlin Deals With A Vacancy From Within

By SETH MYDANS

HE has little glamour and not much political power, and seems to have spent his career as a manager rather than as a man of ideas. He is unassertive enough to have stayed in the same job for the past 17 years, and too old to hold his new post for many years to come.

At the present crossroads in Kremlin leadership, Marshal Sergei L. Sokolov seems to have been the ideal choice to replace the late Dmitri F. Ustinov as Defense Minister. When Mr. Ustinov died Dec. 21 at the age of 76, after eight years in the job, the leadership lost one of its major figures. A force behind the Soviet successes in space and the drive to military parity with the United States, he had also become something of a kingmaker. He is credited with helping to engineer the accession to power of both the late Yuri V. Andropov and his successor, Konstantin U. Chernenko.

Military Gains and Losses

Mr. Ustinov's death left a power vacuum in the top Soviet leadership, and what his colleagues, most of them in their 70's, seemed to be saying when they replaced him with the 73-year-old first Deputy Defense Minister was that they would fill this vacuum themselves, drawing their wagons closer together and putting off the transition to another generation for a few more months or years.

It is a choice that both Western and Soviet analysts



Marshal Sergei L. Sokolov (above) at the annual Red Square military parade last month.

Gamma-Liaison/Jamlin (Sokolov); United Press International

say will be acceptable to the military as well to the civilian leadership. "He is the conservative, not unexpected choice, who brings continuity and professional credibility," a Western analyst said.

Mr. Ustinov spent his career in military industry and was not a soldier. His appointment, in 1978, thus broke with tradition. Any civilian who might have replaced him would not have had his background in military affairs,

analysts say, and might have drawn opposition from within the ranks.

In Marshal Sokolov, the military has lost its direct voice in the Politburo. But it has regained control over itself. In a nation where the Defense Minister is called upon to make more military decisions, and to perform less public lobbying, than in the United States, this political demotion of the post may not seriously affect the

standing of the armed forces, the analysts say.

The Kremlin had other military candidates to choose from, but, as the analysts now see it, these men were either too recently promoted to their current posts, or were too aggressive to serve the needs of the Politburo.

One heir apparent of the past, Marshal Nikolai V. Ogarkov, remained in obscurity. The former chief of the general staff was abruptly removed in September and sent to command forces on the Western front, far from Moscow. He appeared at Mr. Ustinov's lying-in-state only in the second ranks of officers.

The man who may have gained the most by the change is Grigory V. Romanov, the 61-year-old Politburo member who is in charge of the defense industry, as Mr. Ustinov had once been, and who is considered to be one of the young contenders for the Kremlin's top job.

Mr. Romanov had been seen as a possible successor to Mr. Ustinov, a move that would have enhanced his power in the short term but sidetracked him from the succession to Mr. Chernenko, who is 73. He now remains in contention, and in all likelihood will become the Politburo member who speaks for military interests, giving his voice added authority.

His chief rival is Mikhail S. Gorbachev, who at 53 is the youngest man in the Politburo and, by all indications, its number two figure. Soviet sources say Mr. Gorbachev was personally close to Mr. Ustinov, and is therefore one man who loses by the change.

One of the most dramatic sights at Mr. Ustinov's funeral last week was that of two of his old-guard colleagues standing stoically on the reviewing stand in bitter cold that had some of the younger men shuffling about for warmth. Foreign Minister Andrei A. Gromyko, 75, and Prime Minister Nikolai A. Tikhonov, 79, who have outlasted many rivals, appeared ready to outlast the pretenders from the younger generation as well.

But their leader, Mr. Chernenko, was absent, kept out of the cold, according to Soviet sources, at doctors' orders. Inevitably, his absence raised new questions about the succession.

A Holding Action

Mr. Chernenko suffers from emphysema, a lung ailment that can be aggravated by the cold, and is in generally frail health. "It would have been foolish to send him out there at minus 20 degrees" (centigrade), a Soviet source said.

Soviet leaders usually miss major Red Square occasions only in cases of serious illness. But it appeared a lesson had been learned after the late leader, Leonid I. Brezhnev, who was in poor health, attended the Revolution Day parade on November 7, 1982, and died three days later.

In an obvious demonstration that he was still up and around, Soviet television showed Mr. Chernenko, three days after the Ustinov funeral, awarding medals to a group of writers. The medal-award ceremony has in recent times become the standard method of displaying the ailing Mr. Chernenko to the public.

On this occasion, the Soviet leader appeared, as he sometimes has in the past, to be unsteady on his feet and short of breath. He spoke in a voice that was weaker than usual, and at times leaned on a table for support.

As age and ill health take their toll, the old guard concentrates its power around a few leaders and holds off another generation. The orderly transition from Mr. Ustinov to a man just three years his junior demonstrates again that the Politburo has learned to carry out these holding actions smoothly.

Peking and Moscow Get Reacquainted

By JOHN F. BURNS

PEKING

If it did not quite match the drama of Richard M. Nixon's visit in February 1972, there was nonetheless unusual interest in the arrival here last week of Soviet deputy Prime Minister Ivan V. Arkhipov for the start of the most important encounter between China and the Soviet Union in 15 years.

Mr. Arkhipov's visit began on an upbeat note when his Chinese counterpart, Vice Premier Yao Yilin, first grasped the Russian's hand, then embraced him. Later, four Politburo members greeted the Russian in similar fashion, telling him of their pleasure in seeing him and of the gratitude China still feels for the Soviet assistance immediately after the Communist takeover in 1949. The warmth persisted as Mr. Arkhipov held four days of talks here, then flew south for a tour of the Shenzhen special economic zone, the showcase of China's distinctly un-Soviet attempt to modernize with the help of foreign investment, private enterprise and competition.

At the end of the week, as Mr. Arkhipov wound up his visit, assessments of it were mixed but the official upbeat note was maintained through the final banquet Friday. From the frequency with which Prime Minister Zhao Ziyang and other Chinese leaders referred to the 77-year-old economic specialist as "an old friend" and as a man who had "worked swimmingly together" with the Chinese during his years as chief of the Soviet aid program here in the 1950's, there was no doubting that the atmosphere was good. Nor was there any disposition to belittle the value of personal contact between high-ranking leaders for dispelling some of the bad blood that has bedeviled relations between Moscow and Peking.

All the same, there was plenty of evidence that it will take more than affection toward an old comrade to solve the knotty problems blocking the normalization of political relations that both sides have vowed as their goal. The talks ended with the announcement of four new economic and technical agreements, including a long-term trade pact, that were already in the works in May when the Arkhipov trip was scrubbed in a fit of Soviet pique over President Reagan's successful talks here in April and renewed border fighting between China and Vietnam. But the Chinese leaders were careful to restate the conditions for a broader political accommodation, which the Kremlin has already refused.

What emerged more strongly than before was China's decision to allow commercial and economic ties to move ahead on an independent track. In this, there is less sentiment than hard-headed calculation about the benefits China can reap by allowing natural flows to re-

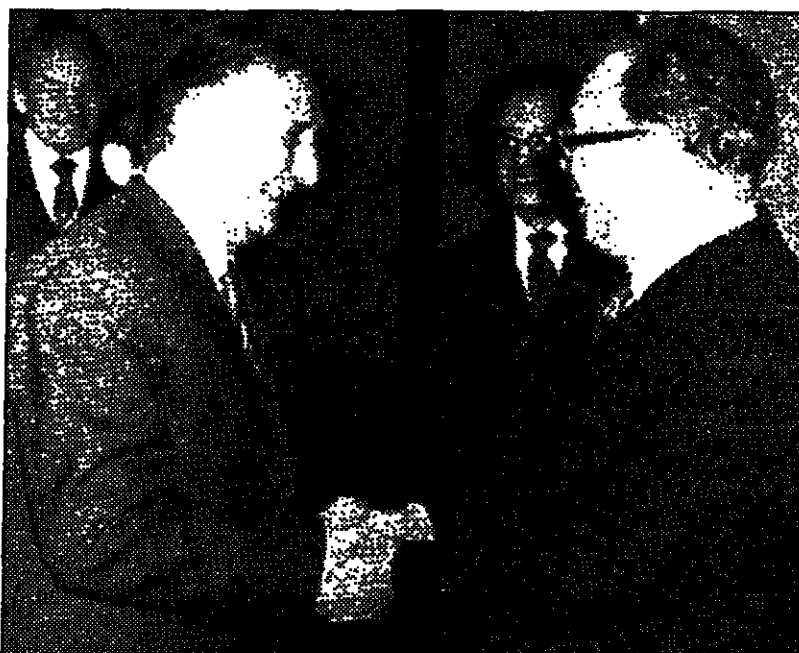
sume. In the decade up to the border clashes in 1969, the heavy trade built up in the 1950's was reduced to barely \$30 million a year, and this crept back up to only \$300 million by 1982. Once China's leader, Deng Xiaoping, decided to emphasize economic growth, inhibiting the potential that the two economies have for servicing each other became self-defeating. Thus, it was agreed that for 1985, trade would be increased by 22 percent, to \$1.8 billion. The Russians also agreed to modernize several dozen factories built in the 1950's with their help.

The commitment to a five-year trade pact signaled a willingness on both sides to put matters onto a surer footing than year-to-year arrangements have allowed. But even the most generous estimates by Chinese and Soviet officials place a ceiling of about \$6 billion on the barter trade the two nations will be conducting by 1990, when the trade pact will expire. This is about as much trade as the United States and China will do in 1984. Peking's hunger for American technology suggests that the total will go much higher in future years.

The trade figures reflect a wider truth. Although the fashion among Chinese officials these days is to play down the strategic relationship that developed with the United States after Mr. Nixon came, there is much that attests to the strength of the American tie. The Arkhipov visit has to be balanced in this year alone against the trips to Washington made by Prime Minister Zhao and Defense Minister Zhang Aiping, and the visits here by Mr. Reagan, Navy Secretary John Lehman and the American delegate to the United Nations, Jeane Kirkpatrick.

A Threatening Presence

On the other hand, there is still much in the relationship with the Russians that the Chinese consider threatening. The "three obstacles" to normalization that were emphasized again last week — Soviet support for Vietnamese actions in Cambodia, the Soviet presence in Afghanistan and Soviet troop deployment along Chinese frontiers — are examples of Moscow's muscle-flexing on Peking's doorstep. In 27 months of Foreign Ministry talks, the Soviet Union has shown no readiness to compromise on any of the three, a stand that leaves 50 Soviet



Chinese Prime Minister Zhao Ziyang (right) greeting Soviet First Deputy Prime Minister Ivan V. Arkhipov in Peking last week.

Associated Press

divisions arrayed along the border and nuclear-armed aircraft at Mongolian bases barely half an hour away from Peking. And far from preparing to move out of Afghanistan, the Soviet Army marked the fifth anniversary of its entry into that country with a continuing offensive in the countryside against stubborn guerrilla resistance. (For President Reagan also, the Soviet occupation was "a serious impediment" to improved relations.)

The part of the Arkhipov visit that seemed particularly interesting was the Russian's visit to Shenzhen, the area bordering Hong Kong, where the Chinese have granted tax and tariff concessions to foreign investors eager for low-cost labor. Together with the unleashing of market forces and the decentralization of economic authority sponsored by Mr. Deng, the experiment embodied at Shenzhen makes for a stark contrast with the halting reforms the Kremlin has launched at home. Soviet propagandists have predicted confidently that the Chinese policies will fail, but the fact that Mr. Arkhipov went there — on his own initiative, the Chinese say — suggests that Moscow was at least curious and wanted to look things over all the same.

As Economic Troubles Grow, Aid From Washington Is Found Wanting

Debt Is Undermining Democracy In Peru

By ALAN RIDING

LIMA, Peru — President Fernando Belaunde Terry is considered a loyal ally of the United States and an admirer of American democracy. Yet when he visited Washington last fall to beg help for his bankrupt administration, he came away feeling rebuffed. "President Reagan only gave him half an hour," one close aide recalled sadly. "He wasn't even offered a cup of tea."

Among Washington's shrinking number of friends here, the American attitude is puzzling. In 1980, Peru became the first of numerous military-ruled Latin American countries to return to civilian rule. Today, seven months before Mr. Belaunde leaves office, Peruvian democracy is once again under attack. And the United States is doing little to help it survive.

The complaint is familiar. Over the past five years, seven other Latin countries have followed Peru's lead by electing civilian governments and, in most cases, they anticipated some "reward" from the United States. But direct American aid to the region has continued to fall, while the economic problems have grown.

Only in Central America has the United States spent heavily, but there, in the words of one Peruvian politician, "it is investing in anti-Communism and not in democracy." Certainly, the perception exists that Washington reacts when a leftist threat arises but will rarely forestall such a problem by bolstering democracy.

In Peru, even the emergence of a guerrilla group known as the Shining Path has failed to sound alarm bells in the United States, perhaps, as one diplomat put it, "because Peru is of less strategic importance than Central

America." The Shining Path is not close to seizing power, but the war to defeat the Maoist militants is itself eroding democracy by spawning militarization of important regions and giving rise to human rights abuses and creating widespread economic damage.

Discontent with falling living standards is also helping nonviolent leftist groups. Alfonso Barrantes Lingán, a Marxist who won election as Mayor of Lima in 1983, is now running for the presidency on a United Left ticket. He is not expected to win the April 14 elections, but his coalition is expected to make big gains in Congress. Even the front-running candidate, Alan García Pérez of the social democratic APRA party, is left of center, while conservative forces are in retreat.

In reality, such are Peru's economic problems — its gross domestic product fell by 20 percent in 1983 from the previous year — that even a tripling of direct American aid would make little difference. Rather, Peru has looked to the United States to provide some relief on its \$13.5 billion foreign debt. Its argument has been used by other countries: foreign banks persuaded military regimes to borrow billions, which democracies are now expected to repay at higher interest rates and from smaller earnings.

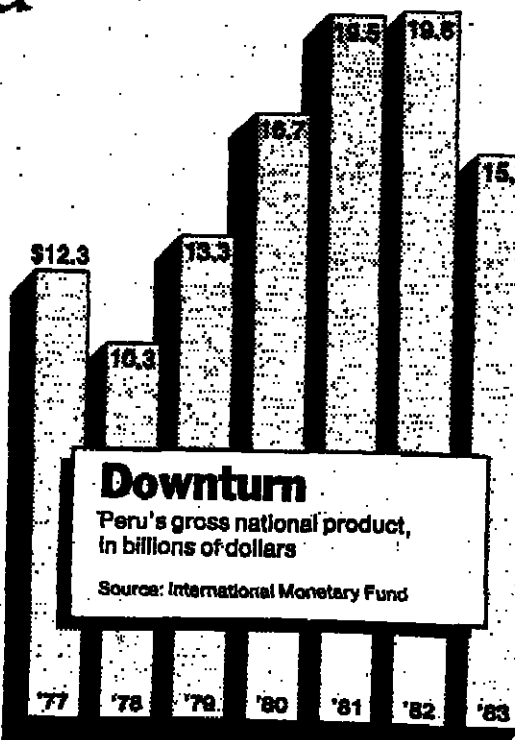
But despite lobbying by 11 Latin debtors known as the Cartagena Group, the Reagan Administration has refused to discuss the debt crisis at a political level or to accept the link between economic growth and viable democracy. Instead, it has argued that governments should work out austerity programs with the International Monetary Fund and repayment schedules with commercial banks.

From a Latin American perspective, however, more is at stake than credit ratings. Given the choice between

military regimes, leftist revolutions and democracy, the great majority of the region's inhabitants seem to prefer democracy. Yet democratic institutions are often fragile and, in times of crisis, easy targets for the left or right. Additional support from abroad is therefore frequently crucial.

When Argentina's new President, Raúl Alfonsín, took office in December 1983, he felt confident that the industrial democracies would understand his need to consolidate democracy by raising real wages. Yet, after almost a year of begging for a different approach to Argentina's \$46.5 billion foreign debt, he was obliged to assume the political risks of an orthodox austerity program. He got his reward last week when the way was cleared for a \$1.425 billion standby loan from the I.M.F. following a commitment by 320 creditor banks to most of a \$4.2 billion package of new loans.

In neighboring Uruguay, the United States joined other democracies in welcoming general elections last month that should bring an end to 11 years of harsh military rule. But when the administration of Julio María



Sanguinetti assumes office in March it will inherit an economic and debt crisis that, if tackled with continued austerity, threatens to erode faith in democracy.

As the largest country — and largest debtor — in Latin America, Brazil has long since abandoned direct American aid as an instrument of development. As in Uruguay, the civilian government due to take office on March 15 after 21 years of military dictatorship will confront the expectation of an immediate improvement in living standards.

Once again, then, a new democracy will face the choice between being bled by interest payments and channeling those resources into domestic growth. Like their colleagues elsewhere in the region, Brazilian politicians seem anxious to avoid a unilateral default, but they believe the key to an acceptable compromise lies in the White House.

In Peru's case, however, the debt crisis has been aggravated by President Belaunde's misplaced confidence that Washington would help with something other than an I.M.F. program. His failure to mean that, while he may complete his term, unpaid foreign creditors will be waiting to besiege the new administration next July.

Industry's Next Five Years

So far, the decade of the 1980's has been a much calmer period than the 1970's, when inflation, material shortages, oil price shocks and high interest rates produced prediction after prediction of an economic Armageddon.

The decade that began five years ago has been marked by phenomenal growth in the high-technology and service industries. At the same time, smokestack industries in the "Rust Belt" continued their slide, as the nation rocked through two recessions.

A host of public policy initiatives has come into play. Deregulation has spread from transportation to telecommunications. Monetarism has become a key tenet of

the Federal Reserve Board's new economics, and supply-side theory, for all its detractors among professional economists, has become the credo at the Reagan White House. Protectionist fever has risen dramatically, as old domestic industries fight a flood of imports.

For the balance of the 1980's, these megatrends — and perhaps others — will continue to shape the business environment, with high-technology and service industries setting the growth pace.

The New York Times asked its own specialists to identify — in their own areas of expertise — what they see as the most significant developments for the rest of the decade. What follows are their reports.

Protection For Big Oil?



Strange as it may seem, the giant integrated oil companies could soon be asking for protection from imports of refined oil products, echoing the steel and automobile industries' arguments against free trade.

That became more of a possibility a few weeks ago when Saudi Arabian crude oil flowed for the first time through the pipes, pumps and valves of a Saudi refinery, the gleaming 500,000-barrel-a-day complex in Yanbu on the Red Sea. Previously, the Saudis had exported all their crude to foreign refineries.

Within months another equally large Saudi processing plant, in Jubail on the Persian Gulf, will also start producing gasoline, heating oil and other products — nearly all destined for foreign markets. Similar complexes will follow during the next few years in Libya, Kuwait, Indonesia, the United Arab Emirates and others, adding significant capacity to a world already glutted with money-losing refineries.

"The U.S. refining industry is very concerned about this, the big companies and the small ones," says John H. Lichtblau, head of the Petroleum Industry Research Foundation. The trickle of imports of refined products, largely from the Caribbean and Latin America, turned into a steady stream in 1984 and oil company lobbyists in Washington, fearing this year's increases were harbingers of a trend, are already quietly complaining to politicians.

Ironically, the new refineries in the member nations of the Organization of Petroleum Exporting Countries could also mean more trouble for the weakened producers' group. The new processing plants will perpetuate the worldwide glut of refining capacity, keeping downward pressure on product prices for years. And weak product prices inevitably translate into weak prices for crude.

Winston Williams

Fewer Airlines — And Bigger



What's coming up in the airline industry over the next few years was predicted several years ago by Alfred E. Kahn, a former chairman of the Civil Aeronautics Board and one of the prime movers behind airline deregulation.

Asked about the industry's heavy losses, Mr. Kahn said, half seriously, that the airlines would simply "have to learn how to be better oligopolists."

Some Wall Street analysts and airline executives believe the trend toward market concentration is well under way, and even Mr. Kahn now says the trend worries him. "There is reason to think we ought to apply the antitrust laws with greater aggressiveness," he said last week.

Several airline experts foresee the formation of an oligopoly, perhaps made up of the five major carriers that between them controlled 47.7 percent of the traffic in the first nine months this year — even higher, by

three-quarters of a percentage point, than before deregulation and the start-up of dozens of new airlines.

According to Candace Browning, the airline analyst for Oppenheimer & Company, those five airlines — American, Delta, Northwest, United and USAir — also captured 83.9 percent of the profits during the same nine months, a total of \$789.6 million.

"The long march toward oligopoly that began with deregulation is accelerating," she said in a recent report.

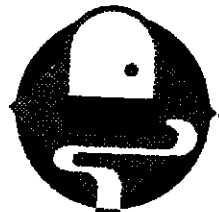
Indeed, while several of the large carriers have been growing stronger, about a dozen of the upstart airlines spawned by the 1978 deregulation of the industry have gone into bankruptcy in the last few years. And those seeking to start new carriers are finding it extremely difficult to raise money.

These trends may have an important impact over the next few years, creating an industry that is less competitive — despite the fact that one of the aims of deregulation was to increase competition and keep fares down.

The trend toward oligopoly could mean higher fares in the future, if strong carriers are able to increase their control over fares and travel in major markets.

Agis Salpukas

Retail Brokers In a Squeeze



Profits in the securities industry traditionally moved with the markets. If stock prices and trading volume surged, so did industry earnings. When the market sank, income fell, too.

Now, however, a dramatic split is developing in the industry.

The largest investment banks, which cater to corporate clients, are still earning substantial profits. But brokerage outfits that deal with individual investors — and that is most securities firms — are hurting. The problem is that even though individuals, discouraged by the stock market's volatility, have reduced their trading, the firms that handle their business, such as Merrill Lynch, Pierce, Fenner & Smith Inc., are still saddled with enormous overhead from their branch offices.

Raising commissions would not solve the problem, because of aggressive price-cutting by discount brokers and big banks. Nor would increased trading with institutions, since the commissions they pay have been falling steadily.

Meanwhile, investment banks like Salomon Brothers Inc. are thriving. They are major forces in underwriting — the raising of money for corporations in the debt and equity markets — and in giving advice on mergers and acquisitions. Underwriting, while feeling some price pressure, is still profitable for firms that develop unique financing packages. Mergers and acquisitions remain lucrative because companies, using the service infrequently, will pay hefty fees.

Will the investment banks remain the dominant players in these two areas? They may well, as these are fields that require high degrees of sophistication and innovation. And large profits let the big houses buy some of Wall Street's best brains.

Michael Blumstein

Steel In Need Of More Change



Major United States steelmakers spend an enormous amount of time denouncing imports and belittling the value of mini-mills. But before domestic steel takes its last lumps from either, it will inevitably end up joining its adversaries.

Foreign steelmakers, still enjoying a sizeable advantage in costs and technology, are expected to keep their pressure on American steelmakers. The American industry in turn will keep pushing for more protection, scaring foreign producers who have become dependent on American markets.

Will follow the example of Japan's Nippon Kokkan, which bought 50 percent of National Steel this year. As American companies acknowledge the need to learn foreign steel-making technology, the trend will accelerate.

To contend with the mini-mills, which manufacture uncomplicated products simply by melting steel scrap in electric furnaces, the bigger companies will focus on more sophisticated niches, such as high-strength steel and galvanized steel. Still, the share of the market going to mini-mills, now less than 25 percent, is expected to pass 35 percent in the next decade.

And big steelmakers live with the perpetual fear that some technological breakthrough will allow mini-mills to produce steel sheets, the high-volume item used by the automobile and appliance industries. Expect some of the bigger mills, therefore, to overcome their disdain for mini-mills and to build a few of their own.

Steven Greenhouse

High Technology From Detroit



From now on, competition for auto sales that once focused on size, horsepower, tailfins and chrome will focus instead on technology. And that means electronics.

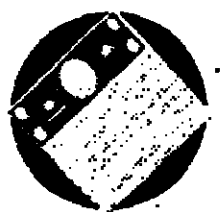
Today, some cars talk; a few years from now, many of them may listen. Auto designers say voice commands may well replace switches for turning on the lights or tuning the radios.

Also on the drawing boards — more properly, on the terminals at computer-aided design stations — are "satellite navigation systems" that will be able to tell motorists where they are, within a block or so, anywhere in the country. Conventional instrument panels may well disappear, replaced by touch-sensitive video screens that display information on demand.

Some higher-priced models already are equipped with anti-skid braking systems that can sense when a wheel is about to lock up on a slippery surface. The system reduces pressure on the brakes for a fraction of a second and then pumps the brakes quickly to slow the car without causing a severe skid. The mechanism is expected on less-expensive models as production costs decline.

John Holusha

More Innovation On Wall Street



Corporate financing techniques seem to last only briefly these days before they are abandoned for something newer and better.

The capital raising marketplace of the next few years will be even more varied, as it continues to be driven by the ever-changing whims of institutional investors, who seem to be looking always for a flexible alternative to the fixed-rate bond. And with interest-rate volatility not likely to go away anytime soon, corporations will be structuring deals with a host of new conversion features designed to attract finicky investors and, at the same time, to protect themselves against wildly gyrating rates.

The new-deals market of 1984 showed a glimpse of what is to come. Corporations, for instance, used a bevy of devices, including interest rate swaps and financial futures and options, to offer fixed-rate debt to investors — but still reap the benefits of lower rates if they should occur. They also offered preferred stock issues that can be exchanged for convertible bonds, which, in turn, are convertible into common stock.

Investment bankers, faced with increased competition from within their own ranks and new competition from commercial banks and insurance companies, will become even more creative in suggesting innovative techniques to raise capital. Taking a page from the booming new market for collateralized mortgage obligations (C.M.O.'s), for instance, investment bankers are now working on developing a bond which allows corporations to sell their receivables to investors.

Fred R. Bleakley

Moving Into the Age of Software



The early 1980's was the Age of Hardware, when it became cheaper to give each office worker a computer instead of forcing everyone to share a mainframe. Computers will grow smaller and cheaper, but the second half-decade seems destined to be the Age of Software.

"The forefront for the next few years is knowledge-based software," said Bill Gates, chairman of Microsoft, which took the lead in designing programs for the International Business Machines Corporation's PC and Apple Computer Inc.'s Macintosh. Such software would learn as it works, designing shortcuts that put it into greater sync with the computer operator. Some "knowledge-based" programs are already translating languages or diagnosing management techniques, but the challenge will be to make such programs easier to use.

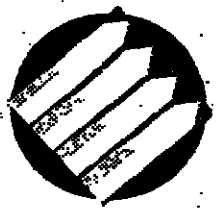
Hardware will not be forgotten. Memory technology could steal the show, as new lasers and optical disks speed the retrieval of information from giant data banks. So could the semiconductor industry, as it tries to mold a generation of new, 32-bit microprocessors into personal computers wielding the power of room-size mainframes. Or, the future could be in "networking," the design of software and hardware so that small computers can exchange information instantly without losing independence and flexibility.

But the biggest question may be who will survive to make and sell the technology. Increasingly, the computer industry resembles the auto industry of the 1930's and 1940's, when weaker members disappeared and even stronger ones were merged. I.B.M. is

growing and newcomers such as Apple seem safe. But some question whether the big, older names in computers will survive the decade. The exceptions are companies such as the American Telephone and Telegraph Company and the Japanese giants.

David E. Sanger

Engineer Shortage For the Military



The Pentagon is fascinated with "star wars" defensive systems and Wall Street is infatuated with military electronics. But the dreams of either may never be fulfilled if there is no great surge in the number of software engineers.

"The job is becoming so complicated, that we're going to run out of software engineers," said Lieut. Gen. James A. Abrahamson, head of the Pentagon's effort to develop a defensive shield in space for the United States and its allies. The main problem, he says, is finding engineers who can marry sophisticated new programs to weapons based on old technology.

Military electronics encompasses some daring new concepts. Earlier this month, the Pentagon awarded 10 contracts for companies to begin exploring the first step of constructing the space shield, an elaborate electronic sensing system that could detect and destroy incoming enemy missiles or aircraft. In addition, a satellite-based radar computer, no bigger than three or four cubic inches, is being developed that could handle about 40 million operations a second.

The recent successful creation of a "super-chip," capable of storing a million characters of information on a device the size of a fingernail, will improve the reliability in the field of a vast range of military equipment. The Pentagon has earmarked \$750 million for developing the chip for military applications.

But sustaining leadership will depend on a swift and hefty increase in the number of programming engineers. The Soviet Union and Japan are producing more engineers than the United States, and some industry executives caution that either may soon challenge the American lead in defense electronics.

Thomas C. Hayes

Medical Care For the Healthy



Delivery of health care has been undergoing a structural upheaval throughout the country, with the development of sprawling networks of profit-making hospital systems intended to make caring for the sick a more profitable enterprise.

And it seems likely that in the future the hospital companies will also make profits off those who are healthy.

Companies such as the Hospital Corporation of America, Humana Inc., National Medical Enterprises and American Medical International are signaling that they intend to enter the insurance business. They are planning not only to give care in the hospital bed, but also to underwrite that care, in some cases by setting up health maintenance organizations, an insurance option under which people pay a flat fee to cover their future health care.

One reason for the move into insurance is that hospital utilization rates have been falling, a sour trend for those who make their money from illness.

N. R. Kleinfield

Drawings by Joshua Schirer

WEEK IN BUSINESS

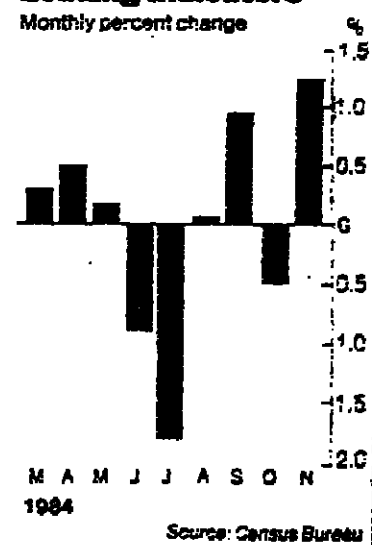
Leading Indicators Show a New Surge

The economy is back on track, according to most economists, who hailed the 1.3 percent November increase in the index of leading economic indicators. The increase came after a drop of five-tenths of 1 percent in October, and was much larger than had been expected. Helped by building permits and the money supply, the rise reassured Administration officials, who have been denying predictions of a new recession. Still, there appears to be little chance that the economy's growth in the coming months will match that of the boom period that began 1984.

One of the restraints on growth is the merchandise trade deficit, which was \$9.9 billion in November. The strong dollar makes it more expensive for Americans to sell their products abroad, but cheaper for foreigners to sell here: Imports rose 2.7 percent in the month, but exports fell slightly. With a total so far of \$115.4 billion, this year's deficit will at least double last year's record \$69.4 billion.

Although T. Boone Pickens dropped his quest for Phillips Petroleum, the Texas oilman has not lost his taste for acquisitions. Indeed, the day after he agreed to take \$3 a share for his 9 million shares in return for leaving Phillips independent, the shares of other oil companies considered as likely Pickens targets surged. But Phillips' stock plunged, and arbit-

Leading Indicators



ragees were left with losses that could amount to \$100 million. The deal, although novel, is being called greenmail by some. They note that Mr. Pickens will make an \$81 million profit, but that remaining shareholders are likely to be left with higher debt and lower-priced stock. Shareholders may resist the recapitalization that the plan requires.

OPEC members agreed to monitor their prices and output in a last-ditch attempt to support the price of oil. Ni-

geria, however, is believed to be seeking concessions to protect its revenues, which are dependent on the more volatile light grades of crude. The details of the plan must still be worked out, but given the lack of recent solidarity in OPEC, its chances for success are in doubt.

Phillips, meanwhile, cut the price it will pay for crude by \$1, to \$28 a barrel, signaling what many believe will be another round of reductions.

Merrill Lynch's bid for a seat on the Tokyo Stock Exchange was rejected in a surprise move. As the Japanese have eased restrictions on foreign participation in the business and finance community, pressures have been building to open the stock exchange, and Merrill had been the leading contender for the first seat. Officials said they chose a Japanese firm for the vacant seat because of its higher bid and its long-standing ties with the company vacating the seat.

Christmas was less than merry for retailers, whose final tally of the crucial holiday sales season indicated that consumers were less generous than had been hoped. Although some companies, including Toys "R" Us, reported record sales, the surge did not meet the expectations raised by the improving economy. As a result, toy company stocks suffered in the market late in the week. And retail-

ers are saying that post-Christmas markdowns will be bigger and more plentiful because so much stock is left after the disappointing season.

Markets were slow in the Christmas-shortened week. Stocks had an early spurt, but volume was extremely light. The Dow Jones industrial average ended the week at 1,204.17, up 5.19. Trading in the credit markets was also light and mixed. When the money supply report came out late Friday, most traders had begun a long holiday weekend and the \$200 million drop had little effect on rates.

Scovill rejected a Belzberg bid for \$35 a share, or about \$430 million, but the wealthy Canadian family is still pursuing the manufacturer of locks and small appliances. Scovill is seeking a way out, through a friendlier suitor, liquidation or other defensive measures. Analysts note that Scovill has strengthened in recent years.

The Common Market agreed to limit its exports of steel pipe to 7.6 percent of the American market. The pact represented a breakthrough in the Administration's efforts to trim steel exports by a third.

Colgate will write off \$114 million in the fourth quarter, producing a loss, to reflect the restructuring of some of its businesses.

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED DECEMBER 28, 1984

Company	Sales	Last	Net Chg
Phil Pet	10,221,300	45%	- 9
Cmwe	4,136,000	27%	+ 1
ScotE	3,373,800	22%	+ 1
AT&T	4,828,000	19%	+ 1
ToyRUs	3,786,400	38%	- 7
Bell So	3,167,700	33%	+ 1
Burgess	3,123,800	57%	+ 1
NordPS	2,830,800	11%	- 1
Avnet	2,402,100	75%	+ 1
Scovill	2,320,100	36%	- 1
IBM	2,251,300	123%	- 1
NYNEX	2,177,800	73%	+ 1
PacTel	2,084,800	68%	+ 1
Mobil	2,063,200	26%	+ 1
Exxon	1,821,100	44%	+ 1

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,063	1,343	2,254	89	57

VOLUME

Total Sales	Last Week	Prev. Week
246,428,574	22,390,771,007	27,587,000,215,586,578,907

WEEK'S MARKET AVERAGES

High	Low	Last	Change
110.8	110.2	110.1	+0.42
90.2	90.1	90.1	+0.47
51.1	50.9	51.0	-0.05
97.1	96.8	97.2	+0.77
98.2	95.7	95.8	+0.33

Standard & Poor's

400 Industrials	188.3	184.6	185.4	+0.49
20 Transp	143.4	141.6	143.0	+0.80
40 Utilities	74.9	74.5	74.8	+0.62
40 Financial	18.8	18.5	18.6	+0.09
500 Stocks	166.9	165.5	166.2	+0.51

Dow Jones

30 Industrials	1210.1	1202.5	1204.1	+5.19
20 Transp	559.9	553.7	556.9	+6.53
15 Utilities	147.1	146.8	146.8	N.A.
65 Comb	487.6	485.2	486.4	+2.74

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED DEC. 28, 1984

Company	Sales	Last	Net Chg
TIE	1,744,400	6%	- 1/2
WangB	1,127,700	25%	+ 1
DomePet	925,900	11/16	-
Crypto	756,400	3%	- 1/2
HouOT	692,700	4%	- 1/2
BAT	569,400	4-1/16	-
KeyPh	420,200	9%	+ 1/2
Altex	385,300	1%	+5/16
PetLw	378,700	4	+ 1/2
Verbin	336,000	6	+ 1/2

MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
399	422	320	895	28

VOLUME

Total Sales	Last Week	Prev. Week
28,184,415	1,534,357,480	10,583,105,2,080,922,014

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The New York Times

Founded in 1851

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Requiem for a Nation

Orwell's year ends with all his imagined horrors realized in Afghanistan. Five years ago, the Soviet Union undertook a "limited and temporary" intervention at the "invitation" of a beleaguered Marxist ruler. He was then murdered by his supposed comrades, and a docile successor was implanted. The war thus spawned in lies, and waged in stealth, has now run longer than Stalin's war with Hitler.

Sadly, the Soviet method "works." The Kremlin can rotate recruits to maintain an occupation force of 115,000 without worrying about dissent at home or protest abroad. A war that threatens a nation with extinction draws little more than token censure by the United Nations. And since Afghanistan is officially closed, much of the world finds it convenient to look the other way.

The indifference is too often excused by the claim that the most appalling accounts of Soviet atrocities come from refugees and resistance fighters given to overstatement. But that does not hold for the hundred-odd European physicians working in medical centers in the insurgent regions of Afghanistan.

"When an Afghan woman tells you she left home because Russian soldiers killed almost everyone in her village, including her children, you wonder," one doctor told *The Times's* William Borders. "But over the months, when two dozen more Afghan women from various parts of the country come in with exactly the same story, it begins to seem inescapably true."

What Mr. Borders learned in just two weeks along the Afghan frontier in Pakistan is amply corroborated by a Helsinki Watch team that also conducted scores of interviews there: "It soon became clear that just about every conceivable human rights violation is occurring, and on an enormous scale."

The team's report lists indiscriminate bombings, reprisals against villages and villagers, sum-

mary executions, the mining of inhabited areas and homes, the planting of grenades on corpses, destruction of agriculture, theft of civilian property, desecration of mosques, killing prisoners of war, wreckage of hospitals, assaults on journalists, training children as spies—all violations of Geneva conventions to which the Soviet Union has solemnly subscribed.

Unable to win hearts and minds, the invaders now aim lower. The overwhelming evidence is that in 1984 the Soviet occupiers widened the war to destroy food production in rebel-held areas. Refugees fleeing these regions are being forcibly interned to prevent their joining an exodus of more than four million refugees, a fourth of Afghanistan's pre-invasion population.

Not since the Stalin era have massive crimes like these been credibly charged against the Soviet Union. Yet there are no war crimes tribunals in Stockholm to weigh the evidence, as happened when the United States was charged with atrocities in Vietnam. When a Politburo member visited London, there were no demonstrators chanting "How many children did you kill today?" The nonaligned nations that protest so quickly for displaced Palestinians say little or nothing about four million Afghan refugees.

The explanation for this double standard is that only democracies heed protest, or that more is expected of them. That weak and callous argument is worthy of "1984."

There are military and political constraints on helping the Afghan resistance, but none on speaking out for the victims of this appalling, pointless aggression. No one ever challenged Afghanistan's neutrality. Soviet influence there was assured forever without any invasion. "A whole nation is dying," a resistance leader said to the Helsinki Watch team. "People should know." They should indeed.

Sailing Daily From New Jersey

Getting to work in Manhattan from New Jersey starts out being a job in itself and it's getting harder. Traffic has increased sharply, reflecting the growing white-collar job market. The result: Bridge and tunnel crossings routinely involve 35-minute delays and the PATH trains are packed. People are struggling to find new remedies and, eureka, have discovered an old one. The ferryboat.

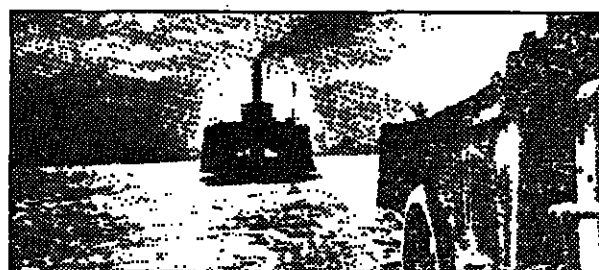
Until the era of the automobile, main access between New York and New Jersey was by water. Regular ferry service from Hoboken began in 1774, and, at one time, there were 11 ferry crossing points below 24th Street alone.

Now there are two ideas for reviving ferry service across the Hudson. One comes from New Jersey's Governor Thomas Kean, who fondly recalls commuting by ferry to graduate school some 30 years ago. At his request, the Port Authority is now studying the revival of ferry service between Hoboken and Battery Park as a way of relieving downtown PATH and tunnel congestion. It's an intriguing and welcome idea.

The would-be sleek catamarans are modeled on the Sea-Bus successfully used in Vancouver, Canada, and, unlike the heavy-duty Staten Island ferries, would carry passengers only. Train and bus lines would provide access, and a parking lot on the New Jersey side would encourage the Manhattan-bound to park and ride.

The alternative to this ferry idea would be longer trains on PATH's crowded Hoboken-World Trade Center line. But that would cost a fortune, because station platforms would have to be extended to increase passenger capacity even modestly. A final decision is still months away but for the moment, the Port Authority's chairman, Alan Sagner, thinks ferry service is the better option.

Meanwhile, the Port Authority endorses another ferry plan. New Jersey businessman Arthur



The New York Times/Patrick A. Burns, 1980

Imperatore wants to run a passenger ferry between property he's developing in Weehawken to a pier he's purchased at the end of 38th Street, near the new convention center. He would use small vessels that can make the river crossing in three minutes. His aim is to boost his planned office and housing park in Weehawken. But so what, if such a ferry would benefit the public?

The New Jersey Department of Transportation estimates that 2,800 commuters would use his ferry and that up to 600 cars would be diverted from rush-hour roadways. The M.T.A. likes the idea because it would increase fare box revenues on cross-town buses looping around the convention center. Best of all, it would cost taxpayers nothing.

Yet so far, New York City's response has been a bureaucratic roundabout. The city's machinery for licensing ferries is understandably rusty, but Deputy Mayor Kenneth Lipper probably oversteps the city's legal authority over interstate commerce when he talks of city franchises for midtown ferry service. Nor is it clear why he insists that the city wait for the Port Authority's unrelated conclusions before taking action.

If trans-Hudson traffic is bad now, just wait. By 1990, it is expected to be almost a third worse. Instead of inventing roadblocks and river barriers to private midtown ferry service, the city should embrace it swiftly.

Topics

Silver and Gold

Change Change

The British Royal Mint is printing its last quid this week. Henceforth it will only coin them. Shades of Susan B. Anthony.

A "quid" is one pound sterling. To save on cost, the British Treasury is converting from perishable paper currency to coins that don't wear out. It's had considerably more success than the United States Treasury had with the Susan B. Anthony dollar.

The "round pound" has been in circulation more than a year. The British public didn't take to it at first. People don't like their money tampered with. But at least London's designers did it right. The new pound is distinctly different from other British coins—gold-tinted and thicker. The Anthony dollar was too easily confused with a quarter.

The Treasury doesn't make Anthony dollars any more, but Britain is showing how to change change. The British learned from Washington's failure. Can't Washington now learn from Britain's success?

Playing Games

Next week, the Treasury will destroy the dies used to make souvenir gold and silver coins for the Los Angeles Olympics. The coins, like the Games, were a roaring success, netting \$85 million to help develop young Americans for future Games. Now let's hope the Games don't go the way of the dies.

That gloomy thought derives from the disappointing results of the International Olympic Committee's recent meeting on anti-boycott strategy.

Three consecutive boycotts, led by black Africans in 1976, America in 1980 and Russia this year, have diluted three consecutive Olympics. The I.O.C. confirmed its feeble reputation by deciding to do virtually nothing. Boycott possibilities remain serious. The I.O.C. chairman, Juan Antonio Samaranch, has reported receiving veiled threats that Russia, Poland and Cuba might boycott the 1988 games in South Korea.

The executive committee wanted to penalize boycotters by excluding them from at least two future Games, a penalty with real teeth in it. But the full membership has rejected a tough stance. It voted only to deny credentials to Olympic officials from boycotting countries, and to limit the number of journalists they could send. That's no penalty; that's playing games with the Olympics.

Letters

Libel Suits Curb an Ever-More-Powerful Press

To the Editor:

Ira Glasser and Anthony Lewis (both Op-Ed page, Dec. 10) complain that libel suits brought by public officials dangerously stifle criticism and debate, contrary to at least the spirit of the First Amendment. Their commentary was thoughtful and deserves serious consideration. Yet the realities of present-day libel litigation seem to have escaped their attention.

Mr. Glasser seems most worried that small newspapers or other media defendants cannot meet the high costs of defending a defamation suit and thus must lose their freedom to publish criticism of public officials or subject themselves to financial ruin.

But few, if any, public officials have sufficient resources to support libel litigation against media defendants. In fact, media defendants typically prolong defamation suits by employing a battery of attorneys, whose principal tactic is to force normally impecunious plaintiffs to settle or dismiss a claim by contesting every issue—no matter how trivial—and by appealing every ruling.

The defense resources of a small media defendant are equal to those of the average public official; there is no unfair advantage on that score.

Meanwhile, there are few outside organizations claiming to promote a responsible press, in stark contrast to the many, such as the American Civil Liberties Union, the Libel Resource Defense Center and the Reporters Committee for Freedom of the Press, that are eager to defend the media, no matter what the sin. Often today the expenses, not the merits, control the destiny of legal proceedings. This applies to the press as well as other litigants, and media defendants should not qualify for a special exemption.

As for Mr. Lewis, it is not true that all reporters investigate and think first and write later. Irresponsible criticism of public officials is published every day. George Washington may have been a true stoic, but he didn't have to worry about publication of ugly matters to over 200 million people. Mere irresponsible criticism does not sub-

ject media defendants to liability.

The Supreme Court's decision in *The New York Times v. Sullivan* requires a much greater showing. This country needs a healthy and vibrant press; it also needs competent and honest citizens willing to serve it.

While most public officials shrug off excessive, often personal attacks, taking away their right to seek redress if defamatory allegations are the product of malice does nothing to encourage wholesome debate.

If the media defendants deserve to win the Westmoreland and Sharon cases, they will be vindicated, and a few vindications are a healthier way, in the long run, of deterring what Mr. Lewis and Mr. Glasser view as abusive litigation. THOMAS C. GREEN
Washington, Dec. 13, 1984

To the Editor:

Ira Glasser says that it will cost CBS at least \$2 million to defend itself against Gen. William C. Westmoreland's libel suit. CBS has libel insurance, and it has said that all the costs except the \$100,000 deductible



will be covered by the insurance.

This was revealed at the CBS annual meeting this year. George Parker, speaking for management, said it was correct to say that CBS was not spending "anything out of

pocket" on the Westmoreland case.

Mr. Glasser's picture of powerful Government officials persecuting the media with libel suits against organizations that can ill afford the expense of defending themselves is overdrawn.

No government agency is paying General Westmoreland's legal costs, and he could certainly not afford to pay them himself. The bills are footed by contributions from individuals and foundations who believe that CBS deserves to be chilled for the way it treated the general.

What is wrong with chilling any propensity of journalists to defame with reckless disregard of the truth? Isn't that supposed to be what professional journalists are taught to avoid doing? Isn't that what editors are supposed to do? If journalists fail to observe the ethical codes of their profession, and if editors fail to do their job, why shouldn't there be a penalty for malpractice in a possible libel judgment?

If there has been a growth in the number of libel suits filed by public officials, this is probably because journalists have become more reckless and irresponsible under the protection of the Sullivan rule and shield laws. REED IRVINE
Chairman, Accuracy in Media Inc.
Washington, Dec. 11, 1984

To the Editor:

Ira Glasser's view that the libel actions of Generals Westmoreland and Sharon should be dismissed, and steps taken to insure that such proceedings should never again be permitted, is oversympathetic to the media.

In commenting on his article, perhaps not sympathetically, I must point out that I was former staff and special counsel to the A.C.L.U. (1941-54) and among the first to press for recognition of First Amendment limitations in libel actions.

Our concept of government is premised on checks and balances upon the executive, legislature and judiciary, which each branch can and does exercise upon the others. But the power of the media today has created, in effect, a quadripartite form of government. As compared with the three branches of government, the media can and do exercise powers that affect, control and can realistically overrule almost any activity of the other three.

Practically speaking, no executive, legislative or judicial action can be taken to impose checks and balances upon the media because of the reach of the First Amendment. There remains therefore only the libel action.

Moreover, as the legal philosopher Sir Walter Bagehot has pointed out, with every right there is a correlative duty. Anyone is free to enter publication or broadcasting. Indeed, it is extraordinary that, as compared with the number of people exercising governmental, executive, legislative and judicial powers and functions, relatively few control media activities and what is published or not published, broadcast or not broadcast. Each must be aware or be made aware of the duty that goes with the exercise of First Amendment rights.

While the libel action is the only mechanism to enforce the correlative duty upon the media's publication rights, the media have developed the technique of making libel proceedings so expensive as to discourage corrective lawsuits. If defamation there was, let a jury comprising ordinary citizens or a judge decide the case expeditiously. Can there be any justification for making it expensive and time consuming for a person believing he (or she) has been defamed to obtain proper relief? CLIFFORD FORSTER
New York, Dec. 10, 1984

Research Needed on Nutrition and Health

To the Editor:

In the course of 10 days, *The Times* has touched twice on a subject of great interest to the American public: the link between nutrition and health. On Dec. 4, an article reviewed the confusion and controversy about dietary causes of functional illness, such as hyperactivity in children.

However, it did not note that over eight double-blind, randomized-control trials of the so-called Feingold diet have been conducted with equivocal results. The studies included too few patients and were of too poor quality to be combined. Since there is common knowledge on how to conduct a study of sufficient quality and size, the answer must lie in the scarcity of money to support such research.

Then, "Panel Says Cholesterol Level in Many Is Dangerously High" (Dec. 13) detailed an overenthusiastic report from the National Institutes of Health consensus panel on the relation of dietary cholesterol and fat to heart disease. Over 20 randomized-control trials have, when combined, shown a significant reduction in heart disease from the diet and drug treatment of elevated blood cholesterol, but no prolongation of life has been demonstrated. Deaths from heart disease are reduced; deaths from other causes, notably cancer, are increased. The treatment works, but

the undertakers remain just as busy.

Fifteen years ago, a diet-heart review panel chaired by E. H. Ahrens of Rockefeller University recommended a very large-scale study that would have given us an answer by now. The National Heart Institute rejected the idea because it might cost \$1 billion to \$2 billion. Coronary artery disease, which could be reduced by 10 to 20 percent by diet, drugs and surgery, now costs the people of America approximately \$60 billion a year. No one was willing to spend a few hundred million dollars a year to learn how to save \$6 billion to \$12 billion a year.

Similarly, if the trial of the most effective known way of permanently lowering serum cholesterol in people on a normal diet—surgical bypass of part of the bowel—had been funded adequately 10 years ago, the answer would be available now.

Important as these health problems are, they represent only a small percentage of our ignorance of how to prevent, diagnose and treat disease. We will never succeed in keeping down health-care costs until we recognize the fiscal benefits of scientific clinical research.

THOMAS C. CHALMERS, M.D.
Distinguished Service Professor
Mount Sinai School of Medicine
New York, Dec. 13, 1984

A Diplomatic, Economic and Military Approach to Terrorism

To the Editor:

In his Op-Ed piece of Dec. 16, George Ball attacks Secretary of State George Shultz for urging the use of force to prevent terrorism. Mr. Ball is misguided on several counts.

It is invidious to compare the use of force by Israel to protect itself against P.L.O. terrorism with the cowardly acts of the terrorists.

It is fallacious to commend Britain for restraint in not bombing Belfast or Dublin in reprisal for I.R.A. terrorism. Belfast is, after all, part of the United Kingdom. And Dublin has never been charged with complicity for I.R.A. terrorism.

And Mr. Ball overlooks all the lessons of modern history in relying exclusively upon collective diplomatic and economic sanctions as the means of preventing international state-supported terrorism.

The former Under Secretary of State fails to address what happens when these options do not work. Efforts have been made to isolate two of the worst offenders, Libya and Iran. Yet this has not stopped either country from continuing or directly participating in terrorist activity.

Let us not so easily dismiss, as Mr. Ball seems to do, the slaughter of 350 marines and diplomatic personnel in Beirut as mere "junior fervor." Has he so soon forgotten the death squads of Colonel Qaddafi and their threats on the life of President Reagan and leading members of his Administration, including ambassadors—some of whom have been assassinated in recent years? And what of the recent hijacking in Iran where two Americans were murdered?

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Mr. Ball misses the point completely. International state-supported terrorism is a totally new form of warfare against the values of Western civilization and responsible democratic governments everywhere.

It is precisely because America is the leader in setting international standards that it must take the initiative and construct a viable antiterrorist policy. The worldwide proliferation of terrorism demands a comprehensive solution combining diplomatic, economic and military measures.

JOHN L. LOEB JR.
St. Moritz, Switzerland, Dec. 26, 1984
The writer was United States Ambassador to Denmark in 1981-83.

Message of Talmud

To the Editor:

George Ball criticizes Secretary of State Shultz for using Israel ("a small, insecure, beleaguered country surrounded by enemies") as a model for the United States ("a huge nation living in secure borders") on how to respond to terrorist attacks. And Mr. Ball, once again, strongly attacks Israel's policy in Beirut during the Lebanon war in 1982.

What I find most disturbing, however, is Mr. Ball's gratuitous quotation of one sentence of Talmud. He

cautions Mr. Shultz against adopting "as national policy the Talmudic injunction, 'If one comes to kill you, make haste and kill him first.'" Such a quotation, lifted totally out of context and doubtless rifled from some handy desk-book reference, displays nothing more than Mr. Ball's profound ignorance of Talmudic sources.

What Mr. Ball fails to report is that the preservation of all life is a central commandment of Jewish law and the overriding principle against which the proposition he cites should be understood. Thus one who preserves the life of a single human being is deemed to have saved the entire world (Mishnah, Sanhedrin 4:5). A Jew has an affirmative obligation to preserve the lives of others and a cognate duty to preserve his own. Surely, as a lawyer, Mr. Ball will recall that our own criminal law recognizes self-preservation as an absolute defense to a capital charge.

The Talmud is a work of vast scope, profound depth and practical wisdom, all of which are clearly irrelevant to Mr. Ball's tendentious purposes. Selective quotation, particularly by a very amateur Talmudist, should be done with great caution, a caution that Mr. Ball frequently abandons in matters concerning the Jewish State. GEORGE DARGO
Brookline, Mass., Dec. 20, 1984



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A Red-faced Review

It is a truth universally acknowledged that the more things change, the more they stay the same — most particularly the glum propensity of man to misread, misstate, misplace and miscalculate. So it is in order for bloopers and clunkers recorded in this space during 1984, as it slouches none too soon into history.

My apologies, first, to President Miguel de la Madrid Hurtado of Mexico, whose distinguished name was mangled in my article of Dec. 23. This was the more embarrassing owing to the President's cordiality and that of members of his Cabinet in Mexico City just the week before.

That was carelessness. I was misinformed, however, when I wrote Aug. 3 that in the Illinois Senate race, the National Conservative Political Action Committee had "endorsed the liberal Democrat, Representative Paul Simon." In fact, Nicpac endorsed Steven Givort, the Libertarian candidate; Mr. Simon won anyway.

Harder to rectify are errors of judgment. Throughout the 1984 Presidential election, for an egregious example, I held to the view and several times suggested that polls showing President Reagan far ahead of Walter Mondale were overstating the situation. I expected Mr. Reagan to win a substantial victory in the Electoral College, but I believed that, owing to the votes of women, minorities and Democrats "coming home" in the polling booth, the President's popular-vote margin would not be as large as predicted.

But horseback analysis, even when propped up by travel and inquiry, is all too often only wishful thinking. Mr. Reagan not only carried 49 states but the popular vote by 59 percent; his reelection margin (16.8 million) was second only to Richard Nixon's 18 million popular-vote victory in 1972.

One of the reasons for my overall misjudgment was that, in several swings through Texas, I came to the conclusion — unwisely shared with readers — that a big increase in Hispanic voter registration would produce a massive Hispanic turnout for Mr. Mondale and the Democratic Senate candidate, Lloyd Doggett. More wishful thinking, though in this case Hispanic registration rising probably to more than a million (official figures are not yet available) helped lead me down the garden path.

On Election Day, the number of Hispanic-Americans who actually voted in Texas rose by 22 percent over 1980, a greater increase than among non-Hispanic voters (19 percent). Unfortunately for my expectations, the percentage of registered Hispanic-Americans who actually voted declined from 52 percent in 1980 to about 49 percent in 1984; and of those who voted, 27 percent went for Ronald Reagan as against only about 19 percent in 1980.

All these unofficial figures, underlining my misjudgment, were provided by the Southwest Voter Registration Education Project, which based them on exit polls in 50 Texas precincts where Spanish-surname

Atoning for the sins of the last year

voters were at least 20 percent of the total.

An admired colleague, Theodore Draper, writing in The New York Times Book Review for Dec. 16, challenged my use of the word "authoritative" to describe "Deadly Gambits" by Strobe Talbot, an account of arms control negotiations in the first Reagan Administration. Mr. Draper argued that my description "treated the book as if it were accredited history," when in his view it is insufficiently documented for that distinction.

I agree with the latter judgment but defend my description of the book as an "authoritative picture." I do not regard "Deadly Gambits" as "accredited history" but as journalism of a high order, based — as any journalist can readily discern — on extensive contemporary interviews. Mr. Draper, for good reasons, doesn't like that kind of book, but I still say it presents an "authoritative picture," in the sense of displaying a commanding knowledge of the subject.

In two articles this year, I raised questions about the official U.S. account of the destruction of Korean Air Lines Flight 007 in 1983. In neither did I allege that the plane was on a spy mission for the U.S. or Korea; in both, I suggested that questions remained, principally why nobody knew or reported that an airliner was so far off course for so long over such a sensitive area as the North Pacific approaches to the Soviet Union, and why the plane itself could not be warned of its danger.

Letters to the editor and State Department spokesmen have since accused me of being "far out" and of helping along Soviet "disinformation" but have not answered those questions to my satisfaction. So in due course and in the spirit of what I hope will be an invigorating 1985, I aim to ask them again, along with others perhaps as intriguing. Happy New Year.

Two Views on Arms Negotiations

1. Deal With Fears

By Albert Gore Jr.

WASHINGTON — The arms race in both the United States and the Soviet Union is driven by a profound fear that the other nation will acquire the ability to gain an advantage from a first strike and then exploit that advantage politically. Efforts to control the nuclear competition might be more successful if the two nations discussed the reasons behind their first-strike fears and sought to make it impossible for either side to gain any sort of advantage from launching first.

Part of the problem lies with the nature of fear itself. Often, it is based on a combination of reality and illusion. Efforts to dispel the illusory aspect of first-strike scenarios usually fail because a small kernel of reality can sustain a large cloud of illusion.

In the case of the principal American first-strike fear, the kernel of reality is that the Soviet Union possesses the ability to destroy all our land-based intercontinental missiles — our only accurate missiles for the time being — in a first strike, with thousands of their accurate warheads left over.

It is illusory — indeed, completely irrational — to suppose that the Russians would ever launch such an attack when they know we would retain more than enough submarine-launched missiles and bombers to

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obliterate Soviet society. Nonetheless, this first-strike fear has haunted American nuclear policy for at least 15 years. And because nuclear weapons have always had a political as well as military role, even hypothetical advantages seem significant.

What about the Russians' fears? During five days of discussions with Soviet arms control policy makers earlier this month, I learned that their definition of nuclear "superiority," like ours, is based on the potential ability to gain an advantage in a first strike. They worry particularly about the combination of weapons we will deploy over the next 10 to 15 years. And since they expect that a first strike would be comprehensive — would hit not only land-based silos but a whole range of military, communications and intelligence facilities — they worry that American cruise missiles would play a major role in such an attack.

They see the proposed "Star Wars" defense not as a perfect defense for the United States but as a means to blunt a Soviet retaliatory strike after an American first strike. And if one pushes them to admit that an actual

first strike would be "objectively" insane, they point out that the means to execute such a first strike can be exploited politically — "subjectively" — to great effect.

There is, in other words, a symmetrical fear of a first strike on both sides — and a symmetrical unwillingness on the part of each to admit that the other's concerns are anything but a pretense. Yet change is possible.

On our side, President Reagan has specifically declared that we will not, with or without arms control, seek to acquire a first-strike capability. It is now up to Congress to make certain that this commitment is kept. As for the Russians, they too seem prepared to define "stability" as the elimination of any conceivable advantage that either side would gain from a first strike.

This bit of common ground is vital. It suggests the broad outlines of a possible agreement that would deal with the kernels of reality that sustain fear on both sides.

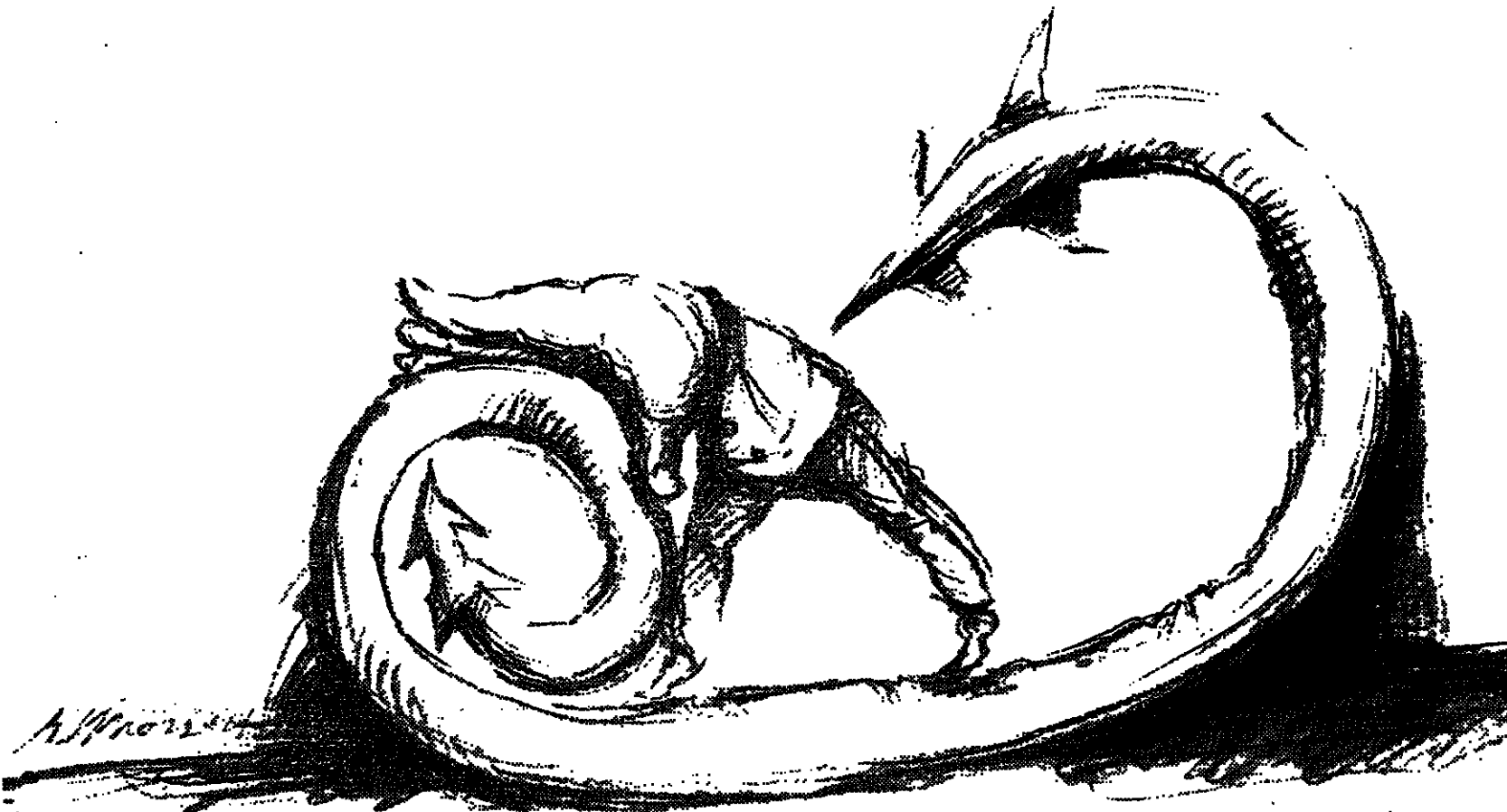
The forces that the United States regards as the most threatening — land-based missiles — could be dealt

with by an agreement that encourages both sides to change the nature of the weapons they deploy and reduce the number of their most threatening, highly accurate warheads.

In particular, both sides could over many years replace many existing multiple-warhead missiles with small single-warhead missiles. This would be stabilizing because multiple-warhead missiles are an attractive target and a major threat to missiles on the other side.

The weapons about which the Russians are especially troubled — thousands of American cruise missiles soon to be deployed — could be sharply limited with constraints on air-launched cruise missiles like those already agreed to in the second strategic arms limitation accord, and by simply banning sea-launched cruise missiles. Where more might be expected of the Russians to reduce the number of their destabilizing land-based missiles, more might be required of us in constraints on cruise missiles and new defensive systems.

It is clear that the new talks are going to be difficult. As the Russians like to stress, we cannot expect durable strategic stability without what they call "political stability." But the mutual fears that make arms control necessary may also provide the essential clue to the design of a stable agreement.



2. Reason for Despair

By George Guttman

bilizing weapon that is not limited by any existing accord.

Nuclear arms agreements have not stopped the development of any weapons systems already in the pipeline in either country. On the contrary, the SALT process may have encouraged both countries to produce new systems as compensatory replacements for older weapons limited by strategic accords.

Yet a second problem arises from the limits of verification. Mutual distrust between the superpowers precludes any agreement that cannot be verified. Yet the Russians have strongly objected to on-site inspection, which they fear is a cover for espionage. This means that the only way to insure compliance is with remote radar tracking, satellite reconnaissance and monitoring the other side's communications. The problem is that these methods are fairly limited — they cannot, for example, verify whether a given launcher has multiple warheads or not — thus severely limiting the scope of any negotiated agreement.

Even when verification methods

have uncovered problems, the superpowers have often found it difficult to resolve the ensuing dispute. The United States, for example, claims that the Soviet radar installation near Krasnoyarsk, in central Siberia, is a violation of the anti-ballistic missile treaty. The Russians insist otherwise but have not produced evidence to substantiate their claims — and after several years of quarreling, the two sides have been unable to lay the issue to rest. This sort of dispute badly dilutes confidence in existing agreements. It also buttresses the American view that the Russians cannot be trusted to keep their word and lessens the chance of future agreements.

Yet a third problem has arisen from the American decision to prepare for negotiations by spending tens of billions of dollars on dubious weapons systems intended as "bar-gaining chips." Thus we persist in developing the large, vulnerable MX missile and maintaining the accident-prone Titan II missile, merely in order to send a signal to Moscow. Similarly, the Pentagon refuses to cut a

badly inflated military budget because, the military believes, this might indicate a weakening of American will and thus produce a bad agreement.

It seems, then, that few previous arms control agreements have helped much to reduce the likelihood of nuclear war. Indeed, the nuclear threat has grown both in scale and technological scope, as mistrust grows and the proliferation of warheads of all sizes and types continues unabated.

Instead of enhancing security and reducing the chance of war, the superpowers have merely nibbled at the edges of the nuclear threat. Both countries have tried to use arms control talks to maximize reductions by the other side while leaving themselves as much leeway as possible to develop new weapons.

Both superpowers should see by now that arms control will not mean much until this sinister pattern is broken — until we can agree to much larger cuts than we have considered before, moving toward total disarmament. This is, of course, not very likely in the current circumstances. But until it is, no negotiations at all may be better than the kind we've had. If limitations agreements only increase the threat of nuclear war, perhaps zero or nothing should be our goal.

Why '84 Should Please Blacks

By Joel Dreyfuss

You'd hardly know it, but 1984 was a good year for black Americans.

Of course, it isn't fashionable these days to admit that black progress exists. If you listen to most black leaders and white social experts, blacks are either helpless victims of society, predators or marginal players.

No one can deny that there are serious problems in the black community, but it is damaging for any people to be identified primarily by their shortcomings. In the case of black America, such definitions are not only inaccurate, they pose a serious obstacle to further progress.

Consider what happened in 1984. Earlier this year, the Rev. Jesse Jackson's Presidential campaign brought a dramatic increase in black political participation, making it impossible to take blacks' views for granted. Now, as the year ends, in a

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movement launched by blacks, Americans of all colors are using peaceful demonstrations to force a debate on the United States' accommodation with apartheid.

Nor was black achievement in 1984 limited to the political arena. Michael Jackson used his talents to shatter some of the most rigid racial barriers of the music industry. Bill Cosby's television show proved that blacks didn't have to play the fool to succeed in prime time. John Thompson of Georgetown University demonstrated that a black coach could win a national basketball championship.

Once upon a time, black victories were trumpeted throughout the black community. The achievements of Joe Louis, Rosa Parks and Ralph Bunche were a strong antidote to the poisonous images of blacks held by a majority of white Americans.

Today, many black leaders, fearful that any admission of progress will give whites an excuse to abandon their struggle, seem stuck in an endless lament about the black problem. Meanwhile, many whites are still defining blacks with depressing

statistics about social pathology. Critics from left and right project gross caricatures of legitimate black efforts to gain power and equal opportunity. The writer Theodore H. White, to take one example among many, has concluded that the record turnout of blacks at the polls was evidence of "black separatism." In this climate, it was not surprising — though hardly excusable — to see Democratic Party officials distancing themselves from their most loyal constituents in the 1984 campaign.

No wonder that the dominant perception of what it means to be black in America often seems more bleak than it was two decades ago. In 1964, "crime," "welfare," "poverty," and "quotas" have superseded "lazy" and "shiftless" as code words for black Americans. Among the best-kept secrets of 1984 were the facts that most blacks are not poor, that the black middle class is one of the largest "ethnic" middle classes in the country and that the vast majority of black Americans work for a living.

Pointing out the achievements of the black community does not mean that its problems should be swept

It isn't
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exists

under the rug. But the elections of 1984 suggest that blacks need to rethink their alliances and their approaches to many issues. And in this search, especially, both blacks and whites must be able to see blacks clearly — to see them as people who have strengths and weaknesses, triumphs and failures, dreams and despair. Otherwise, blacks will continue to be dismissed as a monolithic group of unsavory "others" who have little in common with those still struggling to make that mythical American dream a reality.

So Long To 1984

WASHINGTON — Dear George Orwell, wherever you are: 1984 wasn't such a disaster after all. The things you feared the most for this year didn't really happen, or at least weren't as scary as you predicted in 1949.

Things weren't very good either. Only about a third of the world's people are living in decent freedom. At the end of this year, the Pope in Rome was still pleading, as you did all your brief life, for the cold and hungry and abandoned of the earth. But there were some consolations.

As I remember, there were only 20 years between the two world wars of your time. And while you were right in predicting an age of perpetual local wars, political scoundrels and religious fanatics, we have avoided your third world war now for two generations — and considering the availability and popularity of sex these days, maybe for three.

Your Big Brother is still around, revealing and twisting the truth with his computers in ways even you didn't imagine, but he's not really as big as Hitler or Stalin were in 1934.

The present nuclear giants are terrified of their own power. They couldn't wipe out the little folk of Afghanistan, Vietnam or Lebanon. They chained their own wrists to keep their hands from trembling.

Stalin's dreams of a Communist empire that would last for a thousand years fell apart like Hitler's. Washington now has better relations with Moscow and Peking than they have with one another, which is not saying much, but says something.

Believe it or not, the big shots have even begun to doubt their own ideological prejudices. The economic determinists in Moscow now survive by borrowing and stealing modern technology from their adversaries in Europe and Japan.

The Chinese are flirting with capitalism, sitting on the fence, trying to make a dollar out of 15 cents. François Mitterrand in Paris is trying to adjust his socialist theories to the brutal facts of the first-world economy. And Ronald Reagan, with his supply-siders and backsliders, is winding up with the biggest budget and trade deficit in American history.

I wouldn't say, George, that you had it all wrong. You scared the pants off us, but your fast ball was better than your control.

The enemies of the last war — the Germans and the Japanese — have become our allies. The Germans and the French have composed their ancient enmities, and Europe is beginning to think again, not only about an English Channel tunnel, but about how to avoid becoming a little divided peninsula between the giants.

All this is good news, but we have a problem around here that you didn't write about. We have so much freedom that we don't quite know how to handle it.

We have free speech, but almost everything that's said is written by somebody else. "If liberty means anything," you wrote, "it means the

'Dear
George
Orwell,
wherever
you are ...'

right to tell people what they do not like to hear."

In 1984 in America that was not a popular idea. Television replaced the print press as the main transmitter of the news and the principal instrument of election politics.

It is not working out now precisely as you predicted. The news has become a form of television entertainment. The people are not being misled by wicked men telling them lies, but by amiable men telling them what they want to hear and avoiding dissent whenever they can, with the approval of the majority of the people.

Yet in the wider world, modern communications are not necessarily instruments of repression but may actually be going the way of freedom.

For the facts of a changing world are drifting on the airwaves across the Iron Curtains that divide Europe, Asia, Africa and Latin America and telling the isolated peoples that the hunger of their children is not inevitable but intolerable.

And by 1994 or at least by the end of the century, the chances are that we will have worldwide television that cannot be jammed by dictators, and the notion of freedom and cooperation will begin to be heard in all nations.

So farewell, George, to 1984 and all your dark visions and grim fantasies. Everything you loved and fought for has been threatened, but nothing has been irretrievably lost. Except, of course, your voice, and nobody now writes as well as you did in the dreary 40's.

By the way, is it better up there? Are the heavenly hosts as happy as we are told? And if it's all so peaceful, what do you find to write and protest about? And if you can't write, how can you be satisfied?

Filming Mishima's Life and Death

By ALJEAN HARMETZ

On Nov. 25, 1970, the Japanese novelist, Yukio Mishima, pulled a knife across his belly in the act of ritual suicide for which he had been yearning most of his life. That suicide and the life that preceded it are now being turned into a movie in one of the strangest Hollywood ventures of the last 50 years.

"Mishima" is an American movie with a non-English-speaking Japanese cast directed by a man who does not speak Japanese. When it reaches American movie screens, the movie will have English subtitles. Movie theaters in Japan may refuse to play the movie at all because Mishima's public suicide was an embarrassment to his country.

"If Mishima did not exist, I would have had to invent him," says Paul Schrader, in explanation of why he has spent five years trying to make a film "that will bring me no financial remuneration now or forever."

The 38-year-old screenwriter of "Taxi Driver" and "Raging Bull" and director of "American Gigolo" and "Cat People" stubs another cigarette butt into an ashtray jammed with butts. He grew up in a repressive Calvinist family where it was a sin to go to the movies or to smoke a cigarette.

The overflowing ashtray is in a cement building at George Lucas's Lucasfilm. Mr. Schrader is here in northern California overseeing the editing that will get "Mishima" ready for next spring's Cannes Film Festival. He sees the most famous Japanese writer of the postwar years, a man who narrowly missed getting the Nobel Prize in literature, as a "bookend" to Travis Bickle, the homicidal taxi driver he created for Martin Scorsese's movie. They are both, he says, people trapped in Plexiglas cages in a world where they cannot be free, people who feel they do not exist. But where "Taxi Driver" with its fantasy of apocalyptic violence was "a young man's picture," "Mishima" with its questions of the relationship



Ken Ogata as the novelist Yukio Mishima in a scene from "Mishima"—reality and fantasy interwoven.

between life and art is, he says, "my first middle-aged picture."

"I've always worked around the subject of acting out—particularly as it involves the notions of guilt, sin and redemption. How does one act out those internal pressures? My characters act out in their everyday life. I act out in my scripts. Mishima acted out in both. Mishima violated what I believe is the fundamental purpose of art. I believe you can mitigate per-

sonal problems, can rid yourself of dangerous ideas by expressing them in artistic metaphor. Writing about a suicidal character just kicked Mishima's suicidal fantasies to a higher level."

Not very long ago, Paul Schrader also acted out in life as well as art. "I got in a little over my head," he says cautiously, his pugnacious, non-descript face overwhelmed by huge horn-rimmed glasses. "Then I made

the radical decision to pull back from the fast lane."

If, as his friends say, his particular fast lane included drugs, he does not mention them. "There was someone I planned to marry," he says tonelessly. "I thought I could get away with an affair with Nastassja Kinski. I couldn't. As a director and writer you think you can touch up the script. It comes as a bit of a shock when you realize you can't do a rewrite on your life."

Part of his fascination with Mishima comes from Mishima's ability to perfect his life as art. He was a novelist who wrote 40 novels, a playwright, an actor, a married man with children, and a homosexual. He took up bodybuilding when he was 30 and transformed his frail body. Although less political than in the grip of private fantasies, he organized a private army of nearly 100 fanatical followers to restore the glory of the Emperor. He wore Levis and lived in a "Victorian Colonial" house and wanted urgently to die as a samurai. He became a media personality and shocked the Japanese by posing for a series of photographs in which he died in every conceivable way, including a hatchet buried in his brain, but he wrote almost every night of his adult life from midnight to 6 A.M. At the age of 45, he produced, directed, and starred in a suicide that had been planned two years before it took place.

With somewhat less dramatic gestures, Paul Schrader moved to New York in August 1982, married for the second time in August 1983, and fathered a child. Sharing with Mishima a need for symbolic flamboyance, he abandoned the house he owned in Hollywood. "Somebody sold it," he says. "Somebody else put the furniture in storage. I haven't been back."

The saga that led to "Mishima"—a movie with Frances Coppola and George Lucas as executive producers; a score by Philip Glass, America's leading avant-garde composer; stylized sets by Eiko Ishioka, Japan's leading avant-garde graphic designer, and starring one of Japan's most famous actors, Ken Ogata—actually began in 1968 when Leonard Schrader, Paul's older brother, avoided the Vietnam War by becoming a Calvinist teacher-missionary. By the flip of a coin with another young Calvinist, he ended in Kyoto rather than Teheran. It was Leonard Schrader—a screenwriter who has co-authored "The Yakuza," "Blue Collar," and "Mishima" with his brother—who found Mishima's death "dumbfounding" and "impossible to make sense of" and who first pursued the movie rights to his life.

Arts & Leisure

The novelist's widow jealously guarded Mishima's image and refused to admit he was a homosexual. There was also a literary executor, Jun Shiragi, who wanted no exploitation of Mishima's life. Fairly fluent in Japanese and married to a Japanese wife, Leonard Schrader came to terms with both the literary estate and the widow after years of negotiation but didn't have the \$50,000 necessary to execute the agreement.

"Paul called me on March 30, 1980," says Tom Luddy, co-director of the Telluride Film Festival and director of special projects for Francis Coppola's Zoetrope Studios. Mr. Schrader wanted money but even

"A lot of Mishima's antics were performed in public and everybody was conspiring to erase the memory," says John Peters, the chief operating officer of Zoetrope. Adds Paul Schrader, "The problem wasn't the homosexuality but the self-promotion. Japan is a consensus culture. The fact Mishima made the whole nation deal with his death disquiets the Japanese."

According to Mr. Schrader and Mr. Luddy, it would have cost nearly \$20 million to make "Mishima" in America. In addition to low salaries, says Mr. Luddy, there are no union barriers in Japan. When it was necessary to spread lily petals over one of the 41 sets, everyone from sound men to the principal actors helped.

"Mishima" will not be an easy movie to comprehend. It has a complicated structure which Mr. Schrader describes as two grids set on top of each other.

"The stylistic grid has three parts," he says. "There is the last day of Mishima's life which is shot in color in pseudo-documentary style like a Costa-Gavras film. Everything in his life prior to Nov. 25, 1970 was shot in black-and-white and static in composition. Then there are excerpts from his novels 'The Temple of the Golden Pavilion,' 'Kyoko's House,' and 'Runaway Horses.' The stories from the novels use stylized, theatrical sets designed by Eiko, who didn't design anything else in the picture. That's to make reality seem synthetic."

The thematic grid has four phases: the young Mishima's obsession with beauty, the young man becoming an artist, his acting out through politics, and his attempt to harmonize the pen and the sword. The last day of his life is presented chronologically but is interrupted for black-and-white flashbacks and for glimpses of Mishima's fantasy life through an excerpt from the appropriate novel. "At the moment of Mishima's death," says Mr. Schrader, "you see how each of the novels—his fantasies—ends."

Mr. Schrader lights up another cigarette and smiles wryly. "Since nobody expects this film to make money, I can say, 'This movie will make you think while it entertains you.' But I've certainly cut off the conventional excuse for the critics—that I was only trying to make money."

Part of Mishima's fascination comes from his ability to perfect his life as a work of art.

The Ten Best Films of '84

By VINCENT CANBY

If you can forget "Rhinestone," in which Dolly Parton and Sylvester Stallone demonstrate that a sum can be considerably less than its parts; earnest teen movies with one word titles like "Footloose" and "Restless" (was there a "Mindless"?); bone-crushing fantasies on the order of "Conan the Destroyer," and John Milius's upbeat, World War III adventure, "Red Dawn," 1984 really hasn't been as terrible a year—at least in retrospect—as it often seemed while it was unraveling.

There were few great movies but there were enough good ones, by new film makers as well as veterans, to make the compilation of a 10-best list difficult.

Here are the titles of the top-10 films, listed, without prejudice, in alphabetical order:

"The Bostonians." Of all the films that have been based on novels by Henry James, this one, created by the long-running team of director James Ivory, writer Ruth Prawer Jhabvala and producer Ismail Merchant, is by far the best. The James story, about the struggle of two domineering personalities for the love of a young woman who may become the spokesperson for the feminist cause, takes place in 1875 but couldn't be more timely. Vanessa Redgrave's performance, as the rich, sexually repressed Olive Chancellor, is among the finest things she's ever done, and Christopher Reeve's, as Olive's arch rival, a reactionary, Southern-born, male chauvinist, is light-years ahead of "Superman."

"Broadway Danny Rose." In a Runyonesque mood, Woody Allen has created his most seemingly casual, most endearing comedy, about a third-rate theatrical agent (Mr. Allen), his major client (Nick Apollo Forte), a not-great singer who rides the nostalgia wave out of the Catskills to success at the Waldorf-Astoria, the blond doddie (Mia Farrow) they both love, and a gang war. In her skin-tight pedal-pushers, with her hair teased to the brink of madness and talking in authentic old-fashioned Brooklynese, Miss Farrow almost steals the show. "Broadway Danny Rose," wonderfully well photographed by Gordon Willis in period black-and-white, is another comedy classic from America's most authentic, most serious, most consistent film auteur.

"Entre Nous." Neither of Diane Kurys's first two films ("Peppermint Soda" and "Cocktail Molotov") prepares one for the extraordinary scope and assurance of this third film, written as well as directed by the young French film maker. The film, apparently based on the story of Miss Kurys's mother, is about the enduring and life-changing friendship of two very different women, one, played by Isabelle Huppert, a Belgian Jew who marries a guard to escape internment in a French prison camp during the Nazi occupation, and the other (Miou Miou), a high-strung, would-be artist who marries a handsome wimp after her first husband is killed during the war. The film, which begins during the war and ends in the mid-1950's, might be called feminist but its concerns are so much larger than those of any single cause that "Entre

Nous" has the qualities of an epic about a time, place and culture.

"The Family Game." Yoshimitsu Morita, a young (34 years old) Japanese director, makes his debut before American audiences with this oddball, provocative, visually stunning comedy about life among Japan's almost affluent, new, middle class. "The Family Game," set in a Tokyo of modern high-rises and where even the vacant lots look as if they'd been designed by a landscape architect, is a crazy tale about a teen-age boy and his trials with an arrogant, completely unflappable university student, who is hired to tutor him. The tutor's unconventional methods, which sometimes suggest a Japanese version of a system Saki might have thought up, succeed, but the family that's hired him must pay a high price for his services. The film looks

There were few great movies, but there were plenty of good ones.

like no other movie you've ever seen and indicates that Mr. Morita might well become the most original Japanese director of his generation.

"Greystoke: the Legend of Tarzan, Lord of the Apes." Taking as their source material the old Edgar Rice Burroughs Tarzan stories, P.H. Vitzak (Robert Towne) and Michael Austin, who receive credit for the screenplay, and director Hugh Hudson ("Chariots of Fire") have made a big, handsome epic-of-manners, part adventure, part comedy. Their "Tarzan" (a name that's never spoken on the soundtrack) is about a high-born English foundling, raised by African apes, restored to his family, fortune and title by a Belgian explorer and his adventures in the jungles of British aristocracy and Africa. "Greystoke" is funny, brutal, sad and wise, breathtaking as an adventure and extremely romantic.

"Love in Germany." This latest film by Andrzej Wajda, Poland's greatest director, is not only one of his best but it provides Hanna Schygulla ("The Marriage of Maria Braun") with one of her most complex and liberating roles. As a small-town German shopkeeper who falls in love with a Polish prisoner-of-war during World War II, Miss Schygulla gives a performance to match anything she did for the late Rainer Werner Fassbinder. It is Mr. Wajda's rare accomplishment to have made a film that is as political as it is erotic and romantic. Supporting Miss Schygulla are such first-rate European actors as Marie-Christine Barrault, Armin Mueller-Stahl, Elisabeth Trissenaar, Daniel Olbrychski and Piotr Lysak, as the young p.o.w.

"A Passage to India." Fourteen years after the fiasco of "Ryan's Daughter," director-writer David Lean has made a brilliant comeback

with this literate, pictorially grand, sometimes stately screen adaptation of the classic E.M. Forster novel, about a nasty confrontation between East and West in British India in the early 1920's. The film, like the novel, has an appreciation for the kind of narrative drive, vivid characters and events that one rarely sees any more. The splendid cast is headed by Victor Banerjee, as a young, earnest Indian doctor whose life is almost wrecked by some well-meaning English tourists; Judy Davis, the Australian actress ("My Brilliant Career"), as the instrument of the doctor's torture, and Peggy Ashcroft, the great English dame who plays Forster's most winning—and mysterious—character, Mrs. Moore. Though the physical scale of the film is huge, the intimate aspects of the story never get lost in all of the exotic scenery, as happened with Mr. Lean's "Doctor Zhivago."

"Places in the Heart." This is the film that writer-director Robert Benton ("The Late Show," "Kramer vs. Kramer") had to make—a memory movie set in the Waxahachie, Tex., of his own youth during the Depression, based on events suggested by the lives of members of his own family. "Places in the Heart" is not, strictly speaking, a "country" movie to be compared to "Country" and "The River." It's far less sentimental and yet far more moving, a film made by a director who has the discipline to deal with the commonplace tribulations of life in such a way that they become the rediscovered material of myth. Nestor Almendros was the cameraman and the cast, which could not be better, is headed by Sally Field, Lindsay Crouse, Ed Harris, Amy Madigan, John Malkovich and Danny Glover.

"Stranger Than Paradise." The year's most original American film, Jim Jarmusch's "Stranger Than Paradise," introduced at the 1984 New York Film Festival, is a low-budget, independent comedy, photographed in grainy black-and-white that appears to reflect the grim prospects of its three nutty characters. They are Willie (John Lurie), a young, slobbish Hungarian emigré who has become completely Americanized and makes his living playing the horses and cheating at cards; Eva (Eszter Balint), his pretty young cousin newly arrived in New York from Hungary, and Eddie (Richard Edson), Willie's smallish, admiring sidekick. As the three wander, more or less aimlessly, from New York to Cleveland to central Florida, in the middle of winter, in a beat-up car they do not own, "Stranger Than Paradise" gives us a picture of America that you'll never see in New York magazine or People magazine.

"This Is Spinal Tap." To be perfectly frank, "This Is Spinal Tap" is the funniest film of 1984 and maybe even of 1983 and perhaps of 1985, though one shouldn't go too far out on a limb before the arrival of the new year. Rob Reiner's "rockumentary," about the not-so-triumphant American tour of a fictitious British heavy-metal group called Spinal Tap, is the best, most robust, motion-picture parody since "Airplane!" I still laugh just remembering—the only other 1984 film that has that effect on me is "Mike's Murder," which wasn't supposed to be funny.

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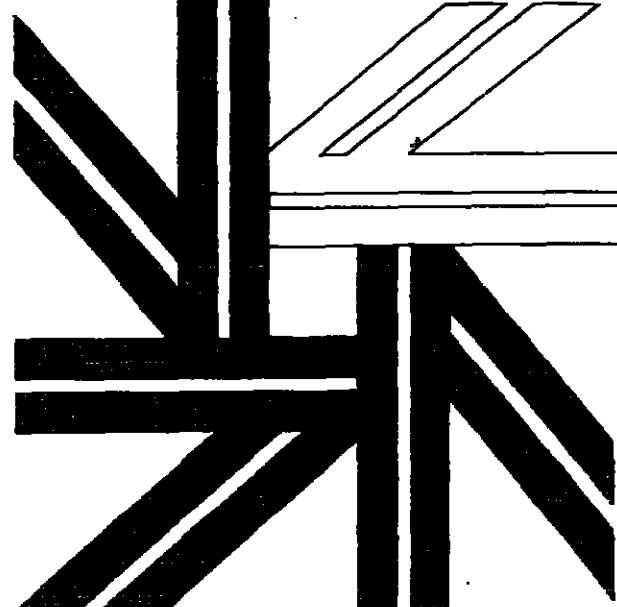
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